



Daily Report

China

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General

Reportage on Butrus Ghali's Four-Nation Trip

Visit to Seoul Ends

OW2412051593 Beijing XINHUA in English 0505 GMT
24 Dec 93

[Text] Seoul, December 24 (XINHUA)—United Nations Secretary-General Butrus Butrus-Ghali Friday [24 December] crossed the border at the truce village of Panmunjom from South Korea to the Democratic People's Republic of Korea (DPRK), where he will discuss the nuclear issue with DPRK leaders.

Butrus-Ghali arrived here Wednesday from Japan for a three-day visit to South Korea, the second leg of his current four-nation tour which will also take him to China.

Speaking at a press conference here before leaving for Panmunjom, the UN chief said that he will deliver an "informal" verbal message from the South Korean Government to DPRK leaders.

But he did not disclose the details of the verbal message.

The UN chief said he hopes the nuclear problem will be resolved in "a peaceful manner."

The UN chief said that he will make efforts to promote relations between the UN and the DPRK as well as to defuse the crisis caused by the nuclear problem.

DPRK Arrival Reported

OW2412100093 Beijing XINHUA in English 0939 GMT
24 Dec 93

[Text] Panmunjom, December 24 (XINHUA)—The United Nations Secretary-General Butrus Butrus-Ghali crossed the Military Demarcation Line at the truce village of Panmunjom today for a two-day visit to the Democratic People's Republic of Korea (DPRK).

It is the third leg of his four-nation tour that takes him to Japan, South Korea, the DPRK and China.

DPRK Deputy Foreign Minister Choe U-Chin, who was at Panmunjom greeting the U.N. chief, showed him around the village where the Korean war truce agreement was signed forty years ago.

Ghali is the first foreigner who crossed the border from South to head for North. He wished that the demarcation line would vanish someday.

He told the press he came to DPRK on a good-will mission, and it was his hope that his visit would help improve the relationship between the DPRK and the United Nations.

He said he came neither on an assignment of the U.N. Security Council nor at the request of anybody, but to make a personal visit as the U.N. secretary-general.

Pyongyang Hopes for UN Ties Noted

OW2412141093 Beijing XINHUA in English 1356 GMT
24 Dec 93

[Text] Pyongyang, December 24 (XINHUA)—The Democratic People's Republic of Korea (DPRK) hopes that "the abnormal U.N.-Pyongyang relations could be improved" by allowing Butrus Butrus-Ghali, secretary-general of the United Nations, to visit the country.

"We believe that Ghali's visit will be of benefit to U.N.-Pyongyang relations for good," a spokesman of the Foreign Ministry said here today.

He said that Ghali, who had just finished a three-day visit to South Korea, arrived here today with the DPRK's special permission.

The spokesman said that the U.N. has responsibility for the separation of the Korean peninsula.

"The United Nations, one of the signatory parties to the Korean war truce agreement, was legally the belligerent to our country," he said.

He said the DPRK hopes that Ghali could have a detailed understanding of the country during his visit.

Ghali, who is on a four-nation tour with China as the next leg, said he hopes that his visit will be conducive to peace and stability on the peninsular.

This is Ghali's first visit to the DPRK since he became secretary-general of the U.N. He was also the first foreigner who crossed the demarcation line to enter the DPRK from South Korea.

Ghali is also the first foreigner allowed to cross the demarcation line.

Beijing Arrival Marks Tour's Final Leg

OW2612050193 Beijing XINHUA in English 0452 GMT
26 Dec 93

[Text] Beijing, December 26 (XINHUA)—United Nations Secretary-General Butrus Butrus-Ghali arrived here for a two-day visit to China.

It is the final leg of his current four-nation tour that takes him to Japan, the Republic of Korea, the Democratic People's Republic of Korea and China.

During his stay in China, he is expected to discuss issues related to the work of the United Nations with Chinese Vice-Premier and Foreign Minister Qian Qichen.

Views DPRK, Other Issues With Li Peng

OW2612141193 Beijing XINHUA in English 1333 GMT
26 Dec 93

[Text] Beijing, December 26 (XINHUA)—Chinese Premier Li Peng said here today that China expects denuclearization in the Korean peninsula will be realized at an early date through dialogues and consultations.

Li made the remarks when meeting with visiting U.N. Secretary-General Butrus Butrus-Ghali, who arrived here at noon today for a two-day visit to China.

It is the last leg of Ghali's current four-nation tour that took him to Japan, the Republic of Korea, the Democratic People's Republic of Korea and China.

Li expressed his pleasure to meet Ghali again and his appreciation for the secretary-general's effective work in enhancing the United Nations' role in safeguarding world peace and security, and promoting international economy and social development.

The Chinese premier said Ghali's current East Asia visit is of positive significance for the promotion of the regional peace and stability.

During the meeting, Ghali briefed the Chinese premier on his discussions on the nuclear issue in the Korean peninsula with leaders of the relevant countries during his tour.

Li said that China's stand on the issue is very clear. "We hold that denuclearization of the peninsula will be realized at an early date, for this will be not only conducive to peace and stability in the peninsula, but also in line with the common interests of both ROK and DPRK, and beneficial to peace and stability in the region and in the world as a whole," Li stated.

He said, China favors a proper settlement of the issue through dialogues and consultations, instead of imposing pressure and sanctions.

Ghali said he appreciated China's position on the issue.

All members of the United Nations will celebrate the 50th anniversary of the U.N. in 1995, Ghali said, and the Fourth World Conference on Women to be held in Beijing at the year, will be a celebration with more substantial meaning.

Li said that China welcomes the conference to be convened here in 1995, adding that the conference is a major step for the implementation of the Nairobi Strategy on raising women's status and it will help promote mutual understanding between China and the world.

The Chinese Government will make all preparations for the conference and ensure its success, Li said.

Turning to the North-South ties, Li said that the gap between the South and North is being widened and developing countries are facing many difficulties.

China hopes that the U.N. will make new contributions in narrowing the South-North gap, improving their relations and helping developing countries, especially African countries, to develop their economies and maintain social stability.

Ghali expressed his thanks for Chinese Government's support for the work of the U.N. and its secretary-general and said he was very happy to be in China at a time when the country is marking the 100th birthday of its late Chairman Mao Zedong.

Meets Women's Federation Leader

OW2612145193 Beijing XINHUA in English 1256 GMT
26 Dec 93

[Text] Beijing, December 26 (XINHUA)—The Chinese Government attaches great importance to the Fourth

World Conference on Women (FWCW) to be held in Beijing in 1995 and has made much preparations for it, a Chinese women leader said here today when meeting with U.N. Secretary-General Butrus Butrus-Ghali.

Chen Muhua, vice-chairperson of the National People's Congress (NPC) Standing Committee and president of the All-China Women's Federation, exchanged views this afternoon with Ghali on the preparations for the FWCW in the Great Hall of the People.

Talking about the FWCW, Chen told Ghali that a lot of preparation work had been done by the FWCW Organizing Committee and its five faculty committees established by the Chinese Government in August 1992.

Six months ago, Chen said, FWCW Secretary General Gertrude Mongella visited Beijing as the leader of a U.N. inspection delegation and inspected the international service facilities in conference sites.

Mongella and her party expressed satisfaction with the facilities, according to Chen, and they also raised some suggestions for the preparation work.

1994 will be very important for China to further the preparation work for the conference, Chen said. She expressed her confidence that China will successfully host the conference with the support of the United Nations and through cooperation with all relevant organizations.

Ghali said he believed that China will get almost everything ready before Mongella comes to China next year as the leader of the U.N. inspection delegation, and will make contributions to the success of the FWCW in 1995.

Briefs Qian Qichen on East Asia Trip

OW2712101493 Beijing XINHUA in English 0941 GMT
27 Dec 93

[Text] Beijing, December 27 (XINHUA)—Chinese Vice-Premier and Foreign Minister Qian Qichen said here today that progress on a settlement of the nuclear issue on the Korean peninsula will be made as long as the United States, the Democratic People's Republic of Korea (DPRK), the Republic of Korea (ROK) and the International Atomic Energy Agency (IAEA) maintain patience and continue to cooperate.

Qian made the remark during talks with visiting U.N. Secretary-General Butrus Butrus-Ghali, who is here for a two-day visit.

China is opposed to any nuclear arms on the Korean peninsula and supports the de-nuclearization of the region, Qian reiterated.

"We hold that the de-nuclearization of the peninsula should be achieved properly through dialogues and consultations, instead of imposing pressure," he added.

He noted that a dialogue between the DPRK and the U.S. is of great significance to solving the issue. He added that dialogues between the North and South sides on the peninsula constitute another major step towards a peaceful solution.

Referring to the talks as positive moves, Qian said that the third round of the DPRK-U.S. talks have created an initial framework for future negotiations and that the two sides are moving closer. The North and the South have been in constant contact, he said.

"We believe that more progress will be made toward this end so long as the four sides—the U.S., the DPRK, the ROK and the IAEA maintain their patience and continue to show flexibility and constructive attitudes," Qian said.

On the Fourth World Conference on Women to be held in Beijing in 1995, Qian said the Chinese Government attaches much importance to the event.

"We will draw on the successful experiences of the previous three meetings and seek cooperation from every side," Qian said, adding that the country will make preparations for the meeting and ensure its success.

Ghali said that the United Nations attaches much importance to China's role in international affairs. He expressed the hope that he could often come and consult China on major international issues, and seek its support and assistance.

During the meeting, Ghali briefed Qian on talks held during Ghali's present East-Asia trip with leaders of relevant countries on the Korean nuclear issue, and on progress and problems in this regard.

He also expressed the U.N.'s appreciation for China's position on this issue.

Describing the Fourth World Conference on Women as "very important", Ghali said that the meeting will contribute greatly not only to the upgrading of women's status but also to world social development.

The U.N. believes that the meeting will be a success, he said.

DPRK Willingness To Negotiate Conveyed

*HK2712091793 Hong Kong AFP in English 0837 GMT
27 Dec 93*

[Text] Beijing, Dec 27 (AFP)—U.N. Secretary-General Butrus Butrus-Ghali said Monday that North Korea wanted to negotiate on the division of Korea as well as the peninsula's nuclear problems, but warned: "We need patience."

Butrus-Ghali, who briefed Chinese Foreign Minister Qian Qichen here after flying from Pyongyang, said: "My impression is that there is a political will among the leadership in South and North Korea to find a peaceful solution to the crisis."

"My conclusion is that they are willing to continue the negotiations," he said.

"President Kim Il-song mentioned exactly what the South Korean president said to me. They are both in favour of reunification and they are aware that reunification has to be done in a progressive way."

But on this issue, as well as negotiations for defusing Korea's nuclear crisis, "we have to be patient," Butrus-Ghali said.

Butrus-Ghali's China stop is the last leg of an East Asian swing centred on the issue of North Korea's nuclear capability.

Pyongyang has so far refused to allow the International Atomic Energy Agency (IAEA) to inspect sites, especially at Yongbyon, which the United States suspects are being used to store plutonium to build nuclear bombs.

THE NEW YORK TIMES reported Sunday that the Central Intelligence Agency (CIA) believes North Korea has at least one nuclear bomb.

North Korea has held two rounds of high-level talks with the United States on the dispute, but has rejected U.N. mediation.

Chinese Prime Minister Li Peng, who met Butrus-Ghali on Sunday, called for "the denuclearisation of the Korean peninsula as soon as possible".

But the Chinese leader said that Beijing was against economic sanctions on North Korea. China is North Korea's last major ally, although the relationship is less cosy than in the past.

Urges 'Patience' on Korean Nuclear Issue

*OW2712104293 Beijing XINHUA in English 1023 GMT
27 Dec 93*

[Text] Beijing, December 27 (XINHUA)—U.N. Secretary-General Butrus Butrus-Ghali said here today that patience and cooperation are needed to settle the nuclear issue on the Korean peninsula.

At a press conference held here prior to the end of his two-day China visit, Ghali said that leaders from both the Democratic People's Republic of Korea (DPRK) and the Republic of Korea (ROK) share a political will to find a peaceful solution to the issue.

The U.N. secretary-general said that efforts to overcome the nuclear crisis are going on through three channels, which include negotiations between the DPRK and the U.S.; negotiations between the DPRK and the International Atomic Energy Agency (IAEA); and a dialogue between the DPRK and the ROK.

Ghali said the three channels are interconnected, and "as long as all these sides continue to negotiate, a method or a way for a peaceful solution to the nuclear issue on the Korean peninsula will be found."

The U.N. chief said that during his two-day stay in Beijing, he briefed Chinese Premier Li Peng and Vice-Premier and Foreign Minister Qian Qichen on his talks with leaders of relevant countries on the nuclear issue on the Korean peninsula.

Ghali told the press that China favors more negotiations, dialogues and persuasions in seeking a peaceful settlement of the nuclear issue. Ghali said he would like to add one point: that is "more patience".

Patience is needed in achieving both the realization of the de-nuclearization of the Korean peninsula and the reunification of the peninsula, the U.N. chief said.

Ghali left Beijing for New York by air this afternoon.

Supports Security Council Restructuring*HK2712090493 Hong Kong AFP in English 0825 GMT 27 Dec 93*

[Text] Beijing, Dec 27 (AFP)—U.N. Secretary General Butrus Butrus-Ghali expressed support here Monday for the restructuring of the Security Council to include "major nations," but said it was a matter for the General Assembly.

When asked if he backed demands by Japan and Germany to be accepted as permanent members, Butrus-Ghali told journalists, "personally I have said that participation of major countries in the Security Council will reinforce the Security Council and the role of the United Nations in the post Cold War era."

But, he added, "to have new members, we need the revision of the Charter of the United Nations and the revision is in the competence of the General Assembly, so they have to decide."

The U.N. Security Council has five permanent members—the United States, Britain, France, China and Russia—while the remaining seats are filled by 10 rotating members.

Germany and Japan have been pushing for expansion of the group to reflect the current balance of world power.

The permanent members carry veto rights in Security Council votes.

Support for Japan's UNSC Seat Bid 'Hinted'*OW2512103593 Tokyo KYODO in English 1013 GMT 25 Dec 93*

[Text] Beijing, Dec. 25 KYODO—China hinted Saturday [25 December] at future support for Japan's bid to obtain a permanent seat on the U.N. Security Council.

A top Foreign Ministry official said, "When the time is ripe, China will in principle agree to expanding the membership of the Security Council and promoting reform of the United Nations."

Diplomatic sources said the comment appears to mean that China would endorse Japan's quest to occupy a permanent seat on the Security Council if other permanent members agree to it.

The senior official, speaking on condition of anonymity, said "a broad-based consensus must be established" before Japan obtains a permanent seat.

"Many Asian countries, including Japan, have expressed or indicated a desire for reforming the structure of the Security Council or for becoming a permanent member," the official said.

Five World War II victors—the United States, Russia, China, Britain and France—currently occupy permanent seats with veto powers on the world body's decision-making Security Council.

Of the five current permanent members, only the United States has openly expressed support for giving permanent seats to Japan and Germany. Russia, China, Britain and France have so far shown reluctance.

U.N. Secretary General Butrus Butrus-Ghali, who visited Japan earlier this week, urged Japan's Prime Minister Morihiro Hosokawa and Foreign Minister Tsutomu Hata to actively campaign for a permanent seat on the council, Japanese officials said.

Butrus-Ghali told Hosokawa on Monday that a permanent Japanese presence on the council would benefit the world body, the officials said.

After meeting with the U.N. chief, Hosokawa told reporters "I said I really thank you for your remarks."

UN Representative Urges Cease-Fire in Angola*OW2712112493 Beijing XINHUA Domestic Service in Chinese 0944 GMT 16 Dec 93*

[Text] United Nations, 15 Dec (XINHUA)—The United Nations Security Council unanimously decided on 15 December to extend the mission of the UN inspection group in Angola until 15 March 1994.

In accordance with a proposal put forward by UN Secretary General Butrus-Ghali, the UN Security Council also decided to postpone further sanctions against the National Union for the Total Independence of Angola [UNITA], the armed opposition faction of Angola.

The UN Security Council adopted a decision in September to impose arms and oil sanctions against UNITA to force it to stop seizing land by force. On 15 November, the Angola Government and UNITA resumed their negotiations in Lusaka, capita of Zambia. On 10 December the two sides officially adopted some general and specific principles for ceasefire, as well as the timetable for implementing these principles.

According to Butrus-Ghali, the Lusaka negotiations were "encouraging." To enable the United Nations to continue its mediation in Angola, he proposed that the mission of the inspection group in Angola be extended for three months.

Speaking after the vote, Li Zhaoxing, the current chairman of the UN Security Council and China's permanent representative to the United Nations, expressed support for the progress which the two parties of the Angolan civil war have achieved in their talks.

He said: The Chinese Government hopes the two sides of Angola will honor the commitments they made in their Lusaka talks, cooperate with the UN inspection group, immediately carry out an effective cease-fire, and fully carry out the Angolan peace accord and relevant resolutions of the UN Security Council.

Russia, Cuba Sign Economic, Trade Agreement*OW2512023293 Beijing XINHUA in English 0201 GMT 25 Dec 93*

[Text] Moscow, December 24 (XINHUA)—Russia and Cuba signed an economic and trade agreement and a memorandum on negotiations between the two governments here today.

Commenting on the memorandum on trade and payment in 1994, Russian Deputy Prime Minister Vladimir Filippovich Shumeyko said the two sides could now develop trade relations on the basis of mutual benefit.

He said Russia would buy 1.5 million tons of raw sugar from Cuba and supply Cuba with 4 million tons of crude oil.

President Clinton's 'Changed' Russia Policy Viewed

HK2512031693 Hong Kong TA KUNG PAO in Chinese
23 Dec 93 p 6

["Political Talk" column by Shih Chun-yu (2457 0689 3768): "Clinton Has Changed His Policy Toward Russia"]

[Text] Beware of Russian Ultra-Rightists

Not long ago, Strobe Talbott, a member of the think-tank which has the greatest influence on U.S. President Bill Clinton's formulation of Russian policy, advised President Clinton to change U.S. policy toward Russia due to the victory of the ultra-right Liberal Democratic Party in the Russian parliamentary election. President Clinton will reveal the new U.S. policy toward Russia when he visits Russia next month.

Talbott, a U.S. expert on the Soviet Union for many years, is now a special adviser to Secretary of State Warren Christopher. He expressed to Clinton that the previous U.S. policy toward Russia treated the latter as a weak country and the intention was to provide relief for economic difficulties, but now starting point for this policy must be changed. That is to say, the United States is paying attention to the rise of Russian ultra-rightists and will focus on the work of holding back the Fascist forces.

Paying Attention to Russians' Feelings

Not long ago, Talbott accompanied U.S. Vice President Al Gore to Russia. Moreover, he has been dealing with former Soviet issues for a long time. He said that, apart from providing relief to Russia, the United States must pay attention to Russians' feelings and their uneasiness about the future. Russia's social factors should be considered.

The Clinton administration will "retreat" from the priority position of giving full support to Yeltsin to promote reform. The United States will rather try to win people's support by hook or by crook, arouse as little hostility as possible, and support Yeltsin's reform [as published] even if its view is completely different from Yeltsin's, otherwise U.S. influence over Russia will be eliminated.

What worries Clinton most is that Yeltsin makes mistakes while promoting reform, thus arousing more hostility.

Zhirinovskiy's ultra-right Liberal Democratic Party won 66 seats in the lower house in the parliamentary election and ranked second (the largest party is "Russia's Choice," which won 103 seats). The sudden rise of these ultra-right forces indicates the abrupt emergence of Russian nationalism. Yeltsin attributed the rise of the Liberal Democratic Party to poverty and excessively rapid implementation of reform measures. However, in any case, the ultra-right forces, particularly forces amalgamating nationalism and

retaliatory and antforeign feelings, have obviously spread in Russia, and the consequence is hard to predict.

Yeltsin Takes Firm Hold of Military Power

In an interview with an ASAHI SHIMBUN reporter in the Liberal Democratic Party headquarters in Moscow, Zhirinovskiy denied that he had said in a radio broadcast in Northern Germany that, if necessary, he would not hesitate to use atomic bombs to bombard Hiroshima and Nagasaki, but he finally acknowledged that he "is a nationalist who must protect the Russian people."

On the same day, Mitrovanov, "foreign minister" in the Liberal Democratic Party's shadow cabinet, said to a reporter of ASAHI SHIMBUN, "We must, on no account, return our northern territories to Japan. The global reality fixed by post-World War II treaties brooks no changes; otherwise, the entire security order in Europe must be altered, too." These remarks recall what Brezhnev once said.

In order to stabilize his regime, Yeltsin has already taken over the power of military command from Defense Minister Grachev and made big moves to rectify military organs. However, it was reported from many sources that in this parliamentary election, soldiers' votes were the main support for the Liberal Democratic Party and the Russian Communist Party. The anti-Yeltsin situation within the Army has surfaced and Zhirinovskiy, who is being supported by many soldiers, is naturally one of the large hidden dangers of Yeltsin's regime, as well as a warning to the United States, Western Europe, and Japan. The situation has changed, the United States has to change its policy toward Russia.

U.S. Issues 'Warning' to Haiti's Military Ruler

OW2312172693 Beijing XINHUA in English 1642 GMT
23 Dec 93

[Text] Washington, December 23 (XINHUA)—The United States warned Haiti's military ruler that tougher embargo would be imposed against Haiti unless he takes steps to restore exiled President Jean-Bertrand Aristide to power by January 15, it was reported here today.

The warning came after the leader of Haiti's Armed Forces, General Raoul Cedras, refused Monday [20 December] to meet with military representatives from the United States, Canada, France and Venezuela, according to THE WASHINGTON POST.

The group had flown to Haiti to persuade Cedras to allow Aristide to return to power and begin national reconciliation talks to pave the way for it.

"We regret that General Cedras did not take advantage of this opportunity," said David Johnson, acting spokesman of the State Department.

In a statement issued jointly with the governments of the United States, Canada, France and Venezuela called on the Haitian military leader to honor an agreement that he signed in July to give up power and allow Aristide to return to the office from which Aristide was overthrown in a military coup in 1991.

"If the military is failing to comply actively and comprehensively with the obligations stated above by January 15, 1994, the (U.N.) Security Council should meet to consider additional measures," the statement said.

The current embargo upon Haiti applies only to oil and arms.

American officials said that it could be widened to include restrictions on flights to and from Haiti as well as other commerce.

Central Eurasia

Moscow, Beijing Discuss Border Administration Issues

CM2712154993 Beijing XINHUA Domestic Service in Chinese 1506 GMT 23 Dec 93

[Text] Moscow, 23 Dec (XINHUA)—Russian Deputy Foreign Minister Kunadze held talks here today with a visiting Chinese delegation about a Sino-Russian border administration regulations agreement.

The delegation, headed by Counsellor Zhang Yu from the Department of Treaty and Law of the Chinese Foreign Ministry, arrived here on 16 December for a second round of talks on the subject.

The two sides discussed the text of the agreement in a sincere [tan cheng 0982 6134] and friendly [you hao 0645 1170] manner and achieved positive results.

They also agreed that the next round of talks will be held in Beijing in the second quarter of 1994.

Yeltsin Elected President of CIS Republics

OW2412122693 Beijing XINHUA in English 1124 GMT 24 Dec 93

[Text] Moscow, December 24 (XINHUA)—Boris Yeltsin was elected today the president of the Commonwealth of Independent States (CIS) at the 12th CIS summit which has ended in Ashgabat, Turkmenistan.

Reports from the Central Asian republic also said 21 economic cooperation accords were signed by CIS countries, and a CIS executive organ was set up with each member country of the CIS chairing the body for a six-month period in rotation.

Twelve leaders from the CIS member countries were present at the gathering, the major topic of which was implementation of the treaties on economic union and on accelerating the process of economic and financial integration of the cis.

Turkmenistan for the first time joined the CIS economic union.

The summit also discussed the problem of protecting ethnic minorities in CIS countries.

Plans for New Russian Cabinet Reported

OW2512035993 Beijing XINHUA in English 0348 GMT 25 Dec 93

[Text] Moscow, December 24 (XINHUA)—A new Russian cabinet, to be formed under the country's new constitution, will be more compact and efficient, a senior government official said today.

In an interview with the INTERFAX NEWS AGENCY, first Deputy Prime Minister Vladimir Filipovich Shumeyko said that the number of deputy prime ministers in the new cabinet should be cut from nine to two.

There should be 30-35 ministers in the new government, Shumeyko said, adding that these ministers will play greater roles.

In accordance with the new Russian constitution which was adopted on December 12, some ministries and committees in charge of municipal utilities, forests and water conservancy can be decentralized, Shumeyko said.

He also disclosed that President Boris Yeltsin had authorized Prime Minister Viktor Chernomyrdin to work out a plan for the organization of the new government.

Russia's New Constitution Comes Into Force

OW2612032493 Beijing XINHUA in English 0214 GMT 26 Dec 93

[Text] Moscow, December 25 (XINHUA)—Russia's new constitution, which was approved in a referendum earlier this month, came into force today as its text was officially published.

At the same time, the old constitution which was adopted on April 12, 1978, became invalid. Other Russian treaties and laws will have to be revised according to the new constitution.

The Russian Central Electoral Commission announced on December 20 that some 54.8 percent of the registered voters took part in the December 12 referendum and 58.4 percent of them voted for the new constitution.

The "Russian newspaper" and ITAR-TASS NEWS AGENCY officially published the full text of the constitution and the Central Electoral Commission's report on the election.

Observers said that the new constitution has ended the three-year constitutional crisis in the country and laid a foundation for stability.

But they maintained that new problems will rise in the implementation of the new constitution since only 30 percent of the registered voters backed it and some parties with seats in the new parliament have asked for amendments to the new constitution.

Protocol on Sino-Ukraine Treaties Signed

OW2412003793 Beijing XINHUA Domestic Service in Chinese 0541 GMT 21 Dec 93

[By reporter Fan Weiguo (5400 0251 0948)]

[Text] Kiev, 20 Dec (XINHUA)—A ceremony to exchange instruments of ratification regarding a Sino-Ukrainian judicial treaty was held in Kiev today. On behalf of their respective governments, Chinese ambassador to Ukraine Zhang Zhen and Ukrainian Deputy Foreign Minister Boris Tarasyuk signed on the note-exchanging protocol.

Visiting Chinese Vice Justice Minister Zhang Geng also attended the ceremony.

The exchanged instruments of ratification concern the "Sino-Ukrainian Treaty on Rendering Assistance in Civic and Criminal Cases" and the "Sino-Ukrainian Consular Treaty." The two treaties, signed by the two governments in Beijing when Ukrainian President Kravchuk visited China in November 1992, were respectively ratified by China's National People's Congress in September 1993 and by Ukraine's parliament in February 1993. This is the first judicial treaty the Ukraine has signed with a foreign country since its independence.

After the note-exchanging ceremony, Tarasyuk said to a reporter: The Ukraine has all along attached importance to developing relations with China. Though the two countries have only established diplomatic relations for a short time, bilateral relations have been developing rapidly. At present, relations have entered a new phase. He held that after becoming effective officially, the two treaties will help expand cooperation between the two countries.

NPC Vice Chairman Meets Ukrainian Visitors

OW2712105593 Beijing XINHUA in English 1032 GMT 27 Dec 93

[Text] Beijing, December 27 (XINHUA)—Vice-Chairman of the Standing Committee of China's National People's Congress (NPC) Qin Jiwei met with a delegation from the Supreme Soviet of Ukraine here today.

They had cordial and friendly talks.

The five-member delegation, headed by Dimitriy Pavlychko, chairman of the Diplomatic Committee of the Ukrainian Supreme Soviet, arrived here Sunday [26 December] at the invitation of the Foreign Affairs Committee of the NPC.

Hunan Governor Meets With Uzbek Foreign Minister

HK2512035493 Changsha Hunan People's Radio Network in Mandarin 2300 GMT 22 Dec 93

[Text] Yesterday evening, provincial Governor Chen Bangzhu met with an Uzbekistan Republic delegation headed by Foreign Minister Saidmukhtar Saidqasymov.

On behalf of the Hunan Provincial People's Government and 61 million people in Hunan, Governor Chen Bangzhu extended warm welcome and paid lofty tribute to Mr. Saidqasymov and his entourage and briefed the Uzbek friends on Hunan's development.

This year, Hunan has carried out friendly economic and trade exchanges with the Uzbekistan Republic's Tashkent and (Namangan) Oblasts, and established friendly bilateral relations with Tashkent Oblast.

Mr. Saidqasymov and his entourage arrived in Hunan on 21 December. Yesterday, they went to Shaoshan where they visited the late Chairman Mao's former residence and some other places, including Yishuidong.

Northeast Asia

Jiang Speaks of 'Profound Friendship' With DPRK

OW2612161493 Beijing XINHUA in English 1548 GMT 26 Dec 93

[Text] Beijing, December 26 (XINHUA)—Chinese President Jiang Zemin met here tonight with leading members of the state art troupe of the Democratic People's Republic of Korea, and watched its song and dance performance, "The Song of Four Seasons."

Present on the occasion were Hu Jintao, a Standing Committee member of the Political Bureau of the Chinese Communist Party Central Committee and Li Tieying, a Political Bureau member of the party Central Committee.

Jiang Zemin, who is also general secretary of the party Central Committee, expressed warm welcome to the Korean artists who are visiting China at a time when the 100th anniversary of Chairman Mao Zedong's birth is celebrated throughout the country.

Jiang said, "President Kim Il-song has forged profound friendship with Chinese proletarian revolutionaries of the older generation in the course of protracted revolutionary struggle."

Jiang described the friendship between the Chinese and Korean people as "friendship cemented in blood."

He also expressed the belief that the performance by Korean artists will further the friendship between the people of the two countries.

Korean Ambassador to China Chu Chang-chun conveyed regards of President Kim Il-song and Party Secretary Kim Chong-il to President Jiang Zemin.

In turn, Jiang asked the Korean guests to send his regards to the two Korean leaders. He also reiterated that under no circumstances will the Chinese people forget the blood-cemented Sino-Korean friendship.

The Korean art troupe arrived here on December 23 at the invitation of the Ministry of Culture, after visiting Shenyang and Shanghai.

DPRK To Issue Stamps Marking Mao's Birth

OW2212162693 Beijing XINHUA in English 1609 GMT 22 Dec 93

[Text] Pyongyang, December 22 (XINHUA)—The Communications Ministry of the Democratic People's Republic of Korea (DPRK) will publish another set of memorial stamps on Sunday [26 December] to commemorate the centenary of the birth of the late Chinese leader Mao Zedong.

A picture of a meeting between Mao and DPRK leader Kim Il-song in 1975 will be printed on one of the stamps.

Earlier a set of stamps featuring Mao in other activities was published on November 16.

The DPRK's official Korean Central News Agency said these memorial stamps reflect the revolutionary activities of Korea's close friend Mao Zedong and demonstrate the reality of further consolidating and strengthening friendship between Korea and China.

Investment Talks With ROK Set for March

OW2412093993 Beijing XINHUA in English 0802 GMT 24 Dec 93

[Text] Beijing, December 24 (XINHUA)—The first government-sponsored Sino-ROK (Republic of Korea) investment talks on commercialization of applied techniques will be held here in late March next year.

This is in accordance with an agreement signed between China's State Science and Technology Commission and the ROK's Ministry of Commerce, Industry and Resources and its Production and Technology Institute.

An senior official of the State Science and Technology Commission said that at least 80 ROK companies will participate in the talks, and will provide China with technology.

In return, China will provide the ROK with more than 300 technological patents, he said.

Aiming at boosting the commercialization of technical achievements both in China and the ROK as well as bilateral co-operation in science, finance and production, he said, the trade talks will be the first of their kind since the two countries established diplomatic relations last year.

Another objective of the talks is to attract more ROK investment to the Chinese mainland, according to the official.

He acknowledged that quite a few ROK-funded projects still remain in an "experimental phase" in terms of investment.

For the talks China has prepared more than 400 items of technology, covering building materials, machinery, electronics, chemicals, light industry, biology, environmental protection, energy and pharmaceuticals, said the official.

ROK Extends Loan for Importing Technology

OW2312172893 Beijing XINHUA in English 1646 GMT 23 Dec 93

[Text] Seoul, December 23 (XINHUA)—South Korea has provided China with a 10 million U.S. dollar credit loan for China to import technology from South Korean companies.

Chinese sources said the agreement, the first of its kind, was signed today between the Import and Export Bank of Korea and the Bank of Industry and Commerce of China here.

The two banks have decided to exchange envoys in each other's capital city.

Spokesman: Japan's Hata To Visit 8-9 Jan

OW2412083993 Beijing XINHUA in English 0802 GMT 24 Dec 93

[Text] Beijing, December 24 (XINHUA)—Tutomu Hata, Japanese deputy prime minister and minister of foreign affairs, will pay an official visit to China from January 8 to 9, at the invitation of Chinese Vice-Premier and Foreign Minister Qian Qichen.

The announcement was made by a Chinese Foreign Ministry spokesman here today.

Sun Pinghua To Attend Funeral of Kakuei Tanaka

OW2412093093 Beijing XINHUA in English 0827 GMT 24 Dec 93

[Text] Beijing, December 24 (XINHUA)—President of the China-Japan Friendship Association Sun Pinghua left here today by plane for Japan to attend the funeral ceremony of former Japanese Prime Minister Kakuei Tanaka.

The funeral ceremony is scheduled to be held on December 25 in Tokyo.

'News Analysis' on Japanese Coalition's Prospects

OW2512120193 Beijing XINHUA in English 1117 GMT 25 Dec 93

["News analysis" by Zhang Huanli]

[Text] Tokyo, December 25 (XINHUA)—As 1994 approaches, Prime Minister Morihiro Hosokawa's coalition is expecting mixed fortunes in the offing: continued high support ratings and a tough battle in the senate over the government's vital political reform program.

The eight-party coalition, faring well since its creation from the July elections that deprived the scandal-ridden Liberal Democratic Party (LDP) of their 38 years old grip on power, is hard pressed for getting its political reform bills through the senate, possibly a life-and-death stake for the government.

Hosokawa had from the very outset promised his fellow Japanese to carry out long-delayed political reforms within this year, or he would resign to take the blame for failure to honor the promise.

The idea of political reforms was first mooted five years ago by the then ruling LDP in a bid to soothe an increasingly disillusioned Japanese electorate, who grew intolerant of such scandals as graft and embezzlement involving Japanese politicians.

The LDP governments of Toshiki Kaifu and Kiichi Miyazawa had all promised to push ahead with the reforms, and failure to keep them had resulted in their departures.

The approval rating for the coalition government stood at 73 percent or higher in its first 100 days in power. On November 18, a crucial package of political reforms passed the House of Representatives and were later submitted to the House of Councillors (senate) for deliberation.

Then the reform endeavor hit a snag. The LDP, now in political opposition, has managed to stall the reform bills in the House of Councillors.

In the senate, the coalition enjoys an overall majority with 135 seats. Meanwhile, the main opposition LDP, the Communist Party and other parties hold 116.

The Socialists, the biggest party in the coalition, have 73 seats, 18 of which, however, are held by deputies who are opposed to the reform package.

If these maverick lawmakers turn their coat and cast a negative vote in the House of Councillors, the bills would fail to be enacted. In that case, the Hosokawa Cabinet would be forced to resign en masse or call fresh elections.

At present each side is sparing no efforts to try to split off as many people as possible from the other's camp in order to secure a majority. Pressed for time, the coalition has won a 45-day extension of parliament until January 29.

Meanwhile, criticism is growing over Hosokawa's foot-dragging on drafting effective measures to end business gloom and extricate Japan from its worst economic downturn in two decades.

The reform of tax policy is another problem for the government.

To stimulate the sagging economy, Hosokawa plans to cut income tax from next January. To compensate, the consumption tax, now at three percent, would be raised to six percent beginning next April.

The measure, however, has met popular opposition across the country.

Although Hosokawa's support rating is still relatively high at around 60 percent, the population's enthusiasm for his coalition government is evidently tapering off.

The road ahead remains treacherous. Observers here believe that the key to the survival of the coalition government lies in whether Hosokawa could foster a unity of purpose among the eight parties and push through the reform package in the coming new year.

Near East & South Asia

Li Peng: Bhutto Trip To Enhance Bilateral Ties

OW2412133793 Beijing XINHUA in English 1324 GMT 24 Dec 93

[Text] Beijing, December 24 (XINHUA)—Chinese Premier Li Peng expressed the conviction here today that the forthcoming visit to China by Pakistani Prime Minister Benazir Bhutto will make important contributions to the further development of the friendly relations between the two countries.

The Chinese premier made the comment in an interview with Masoodul H. Shah, Beijing-based correspondent of the Associated Press of Pakistan (APP), here this afternoon.

Recalling his previous meetings with Benazir Bhutto, Li said that the Pakistani leader has always been committed

to the development of China-Pakistan relations and "we are looking forward to her official goodwill to China."

On the prospects of the growth and consolidation of the bilateral ties, Li said China-Pakistan friendship has stood the test of time and that it is a tested friendship. "The friendly cooperation and exchanges between our two countries in various fields have strengthened, expanded and yielded gratifying results," Li said.

He described the visit to Pakistan by Li Ruihuan, chairman of the National Committee of the Chinese People's Political Consultative Conference, as "very successful".

"Much to our satisfaction, China-Pakistan relations have become a model of relations between states with different social systems," the Chinese premier said.

He said that the Chinese Government and people highly cherish their friendship with Pakistan. In today's volatile international situation, he added, to further develop and strengthen China-Pakistan relations and cooperation will serve not only the fundamental interests of the two peoples, but also peace and stability in South Asia.

"We believe that with the joint efforts of our two governments and two peoples, China-Pakistan friendship will continue to deepen and promise a bright future," Li said.

When asked what specific issues he intends to discuss with Bhutto, Li Peng said that China and Pakistan enjoy very amicable ties, with no outstanding problems between them.

"I will have an extensive exchange of views with her excellency on international and regional issues of mutual interest and on strengthening bilateral exchanges and cooperation with a view to further deepening understanding and friendship between our two peoples and expanding friendly cooperation between our two countries in various fields," Li said.

He noted that the bilateral relations in the fields of economic cooperation and trade have been based on the principle of equality, mutual benefit and common development and have achieved remarkable progress.

Pakistan has become China's largest economic and trade partner in South Asia and China's economic and technological cooperation with Pakistan has been going on smoothly, Li noted.

The strong economic complementarity between the two countries promises vast potentials and prospects for cooperation, Li stressed.

"We have also taken note of the trade imbalance between us. The relevant Chinese departments have already taken measures to increase imports from Pakistan," Li said, adding that China will try to import as many as possible commodities available in Pakistan and needed in China so as to gradually balance the bilateral trade.

Visit 'Eagerly' Awaited

BK2412155993 Islamabad Radio Pakistan Network in Urdu 1500 GMT 24 Dec 93

[Text] PRC Premier Li Peng has said that he is eagerly waiting for the visit of Pakistani Prime Minister Benazir Bhutto and expressed the hope that it will further strengthen the long-standing friendly relations between Pakistan and China. In an interview with APP in Beijing, he said that Benazir Bhutto is committed to developing friendly bilateral relations. The PRC leader expressed his good wishes for the government and people of Pakistan which enjoys long-standing relations with China, adding that the relationship has fully stood every test of time. Li Peng said he will hold extensive talks with the Pakistani leader on international and regional matters of mutual interest and on enhancing bilateral cooperation in various fields.

Pakistan's Bhutto Interviewed Prior To Visit**Says Contacts 'Consolidate' Ties**

OW2612090593 Beijing XINHUA in English 0801 GMT 26 Dec 93

[Text] Islamabad, December 26 (XINHUA)—Pakistan Prime Minister Benazir Bhutto said that high level contacts between Pakistan and China symbolize the steadfastness of their ties and serve to consolidate the ties.

In a written interview with XINHUA prior to her official visit to China, Benazir said in view of the rapidly changing international and regional environment, regular exchange provide an opportunity to seek a better understanding of each other's point of view.

"The visit will also provide me the opportunity to see China's tremendous economic achievements and learn from the Chinese experience," she said.

She said Pakistan and China are friendly neighbors who share common perceptions on major international and regional issues.

"The friendship between our two countries is exemplary and has stood the test of time," she said, "our relations with China stand on an independent footing and remain unaffected by the changing international environment".

The relationship continues to grow in strength largely due to the fact that China has always come forward to provide firm and tangible support to Pakistan in her efforts to defend her sovereignty and independence against outside threats and has extended its full cooperation and assistance in important projects, she said.

Pakistan has also tried to reciprocate in the same spirit, she added.

Recalling the importance her father Zulfikar Ali Bhutto, former prime minister, attached to Pakistan's relations with China, she said her government continues to maintain and even enhance the spirit of goodwill, friendship and cordiality that prevails between the governments and peoples of the two neighbouring countries.

She said Pakistan wishes to further expand trade and economic relations with China and attaches great importance to cooperation in the fields of science and technology, education, media, culture and sports.

"During my forthcoming visit, we shall explore further avenues to expand and strengthen our cooperation in all fields," she added.

Benazir, leading a 70-member delegation including foreign minister, defense minister, state minister for commerce, and her special advisor on economic affairs, will visit China from December 27 to 29.

It will be her second visit to China as prime minister.

Stresses Economic Cooperation

OW2612092893 Beijing XINHUA in English 0826 GMT 26 Dec 93

[Text] Islamabad, December 26 (XINHUA)—Pakistan prime minister today stressed the importance of international economic cooperation under the changed geopolitical situation.

In a written interview with XINHUA prior to her visit to China scheduled from December 27 to 29, Benazir said economic issues are becoming increasingly important.

It would not be surprising if the focus on international political issues is eventually overtaken by emphasis on economic matters of international concern, she said.

It is indispensable for developing countries like Pakistan to bring their economic relations into sharper focus, she added.

She said the emergence of Central Asian republics has provided a new role for the countries of the region, including Pakistan and China.

She pointed out that there are several transit routes through Pakistan which could be used to link Central Asia with the world economy and one such route is through Karakoram Highway that links Pakistan, China, Kyrgyzstan and Kazakhstan.

Both Pakistan and China may also cooperate in the framework of Asia-Pacific organizations like APEC and ASEAN to which Pakistan is trying to be associated, she said.

In view of new global realities, she said, South-South cooperation is vital for the developing countries, to achieve economic independence through mutual economic and technical assistance and by meeting common needs.

She said there are opportunities for South-South cooperation in the inter-related fields of finance, trade, industrialization, food and agriculture, energy and technology.

If the South can come together to take advantage of these opportunities, significant benefits could accrue for all these countries, she said.

She stated that Pakistan is fully supportive of the concept of cooperation among developing countries which already exists in various international fora established by developing countries such as the Group of 77, the Non-Aligned Movement and the South Commission.

She said Pakistan believes that the current economic problems of the developing countries can only be tackled effectively if cooperation between them is complemented by dialog with developed countries.

Outlines Domestic Plans, Objectives

OW2612104893 Beijing XINHUA in English 1033 GMT
26 Dec 93

[Text] Islamabad, December 26 (XINHUA)—Pakistan Prime Minister Benazir Bhutto today vowed to improve people's life by raising the per capita income through an annual average GDP growth of 7 percent coupled with efforts to restrain population growth.

In a written interview with XINHUA prior to her visit to China scheduled from December 27 to 29, Benazir said one of her government's prime objectives is to enlarge economic freedom within a stable macroeconomic framework.

Bigger role will be assigned to the private sector, privatization policy will continue in an open and transparent manner, trade and foreign exchange will be further freed without jeopardizing macroeconomic stability, she said.

Financial discipline will be restored, budgetary deficit will be curtailed to sustainable levels by economies in expenditure as well as increase in resources through tax increase, and inflation will be brought down to tolerable limits, she said.

The prime minister said her government will also give priority to industry, agriculture, infrastructure, conservation of natural resources and protection of environment.

"Great self-reliance will be ensured, in particular in food, energy, defense production, public finance and external balance," she said.

She promised greater participation in national development for women, who make up more than half of the country's population and constitute an important asset for national progress and development.

She said her government had instructed all the ministries and the departments under the government control to reserve five percent of their posts for women.

"I also wanted to restore the reserved seats for women in our national and provincial legislatures," she added.

Envoy: Bhutto Visit To Add 'Vigor' to Ties

OW2512134293 Beijing XINHUA in English 1310 GMT
25 Dec 93

[Text] Beijing, December 25 (XINHUA)—Pakistani ambassador to China Khalid Mahmud said here today that the coming visit to China by Prime Minister Benazir Bhutto will inject "new vigor" into the traditional ties of friendship between the two countries.

Mahmud made the remark in an exclusive interview with XINHUA here this afternoon.

Bhutto's China visit, taking place shortly after she resumed office, shows that the great attention the present Pakistan

Government has attached to consolidating and developing its friendly ties of cooperation with China, Mahmud noted.

Bhutto had visited China in February 1989 in her capacity as Pakistan prime minister.

During the current three-day official goodwill visit here, Prime Minister Bhutto is expected to meet again with her Chinese counterpart Li Peng, and Li Ruihuan, chairman of the national committee of the Chinese People Political Consultative Conference, and some other Chinese leaders and conferred with them on international and regional issues of common interest.

Among her entourage are ministers of foreign affairs and defense, minister of state for commerce, her advisor on economic affairs and other high-ranking officials, Mahmud revealed.

These officials are expected to have detailed discussions with their Chinese counterparts for a review of "the state of cooperation in the respective fields and work out measures for more extensive cooperation".

During the visit, some agreements on the cooperation in the economy and other fields are to be signed, Mahmud said.

The visit is surely to enhance the development of bilateral relations and "give a push to our multi-faceted cooperation in economic, commerce, science and technological and other fields," Mahmud said.

The ambassador noted that Pakistan-China relations are characterized by "mutual respect and understanding". In the flux of change over the past decades, "one thing has remained permanent, that is, the stable and deep-rooted relationship between Pakistan and China."

This all-time relationship can be described as a model of relations between neighboring countries and countries with different social systems and ideologies, he said.

The successive Pakistan Governments have attached importance to their ties with China, which they regarded as the corner-stone of their foreign policy, he noted.

With the joint efforts of the governments of the two countries, the bilateral exchanges and cooperation in politics, economy, trade, science and technology, trade and culture have kept expanding in recent years.

The ambassador held that under the changing and complicated regional and international situations, it is all the more important for Pakistan and China to consolidate and maintain their ties of friendship.

Pakistan-China friendship is not directed against any third country, he noted, adding that this relationship will not only benefit the peace and stability in Asia but also the economic development of the two countries and of the whole Asian region as well.

Pakistan's Bhutto Leaves Islamabad for Beijing*OW2712025393 Beijing XINHUA in English 0220 GMT
27 Dec 93*

[Text] Islamabad, December 27 (XINHUA)—Pakistan Prime Minister Benazir Bhutto left here early this morning for Beijing on a three-day official visit to China at the invitation of Chinese Premier Li Peng.

She is accompanied by her husband Asif Ali Zardari, Defense Minister Aftab Shaban Mirani, Foreign Minister Sardar Asif Ahmad Ali, her advisor on economic affairs V.A. Jaffery, Minister of State for Commerce Ahmed Mukhtar, Punjab Chief Minister Manzur Wattu and other senior officials.

The prime minister is scheduled to hold formal high-level talks with her Chinese counterpart on international and regional issues as well as on bilateral relations, official sources said.

She is also expected to meet Chinese President Jiang Zemin, other senior Chinese officials and leading Chinese businessmen.

This is Benazir's second visit to China as the prime minister. Her first official visit to China took place in February 1989 during her first term of premiership.

Arrives in Beijing*HK2712110793 Hong Kong AFP in English 1043 GMT
27 Dec 93*

[Text] Beijing, Dec 27 (AFP)—Pakistan Prime Minister Benazir Bhutto arrived here Monday for a three-day official visit at the invitation of her Chinese counterpart, Li Peng.

Li later held a welcoming ceremony for Bhutto—making her first trip to China since winning the October elections—in the Great Hall of the People, after which the two leaders entered talks.

The Chinese premier was then to host a dinner in honour of his guest, who is accompanied by her husband Asif Ali Zardari as well as Foreign Minister Sardar Asif Ahmad Ali, Defence Minister Aftab Shaban Mirani and financial adviser Vasim A. Jaffery.

Bhutto, whose country has maintained traditionally close ties with China, is also due to meet with President Jiang Zemin and other senior officials, in addition to a group of Chinese businessmen.

Bhutto is scheduled to visit North Korea after leaving Beijing.

Welcomed by Li Peng*OW2712132193 Beijing XINHUA in English 1307 GMT
27 Dec 93*

[Text] Beijing, December 27 (XINHUA)—Chinese Premier Li Peng and his wife met with visiting Pakistan Prime Minister Benazir Bhutto and her husband Asif Zardari here today.

Prime Minister Bhutto and her party arrived here this afternoon for a three-day official goodwill visit to China, at Li's invitation.

During today's meeting, Li congratulated Bhutto on her new post and extended warm welcome to her on behalf of the Chinese Government and himself.

Bhutto thanked Li and the Chinese Government for the warm welcome here, saying that her visit is aimed to maintain the high-level contacts between the two countries.

During the meeting, Bhutto also recalled with pleasure her meeting with Li and his wife in Pakistan in 1989.

China and Pakistan are good neighbors, Li said, adding that the two countries have traditional friendly ties of cooperation and that these ties have stood the test of time.

"I am sure that during your excellency's tenure, our bilateral friendly ties of cooperation will be further expanded," Li said.

After the meeting, Li hosted a dinner in Bhutto's honor.

Chinese Vice-Premier and Foreign Minister Qian Qichen and Lei Jieqiong, vice-chairperson of the Standing Committee of the Chinese National People's Congress, were also at the dinner.

This afternoon, Li also presided over an official welcoming ceremony for Prime Minister Bhutto.

In a statement on arrival at the airport here, Prime Minister Bhutto noted that the Pakistan-China relationship had stood the test of time and changing global trends, and that her country regards its relations with China as a cornerstone of its foreign policy.

"I look forward to holding a fruitful exchange of views on bilateral matters, and regional as well as international issues" with Chinese Premier Li Peng and other Chinese leaders, she said.

"I shall also avail myself of this opportunity to study the Chinese economic development model which has been widely acclaimed for its achievements," she added.

Pakistani Officials Send Messages on Mao Centenary**President Recalls Mao's 'Solicitude'***OW2512124693 Beijing XINHUA in English 1147 GMT
25 Dec 93*

[Text] Beijing, December 25 (XINHUA)—Pakistani President Farooq Ahmad Leghari has sent a message to Chinese President Jiang Zemin to honor the centenary of the birth of Chairman Mao Zedong's. [sentence as received]

In his message, President Leghari said the late chairman was "an outstanding and dedicated statesman" who "has earned a venerated niche in the pantheon of world leaders."

Leghari believed Mao's contribution to China's neo-democratic revolution and the stability and progress of the People's Republic of China will always be remembered.

Through his noble vision and impeccable credentials of a true revolutionary, Leghari recalled, Chairman Mao inspired a whole generation in the world to stand up against the scourge of colonialism and imperialism.

Leghari said his people are grateful for the late chairman's role in the establishment of Sino-Pakistani relationship and his solicitude for the security, welfare and progress of Pakistan.

Citing the seasoned relationship between the two countries as a "precious legacy," Leghari said he is confident that the new generation of leadership in both countries will preserve and further strengthen this traditional tie.

Bhutto Writes Jiang on Ties, Support

OW2512115993 Beijing XINHUA in English 1127 GMT 25 Dec 93

[Text] Beijing, December 25 (XINHUA)—Mohtarma Benazir Bhutto, prime minister of Pakistan and chairperson of the Pakistani People's Party, has sent a message to Jiang Zemin, general secretary of the Communist Party of China, to commemorate the centenary of the birth of Mao Zedong's.

Bhutto said that Pakistani people cherish a great respect for Mao Zedong for his laying the solid foundation of close and fraternal ties between Pakistan and China.

She said the people of Pakistan could never forget the firm support they received from China under Chairman Mao's leadership, during some of the most difficult times experienced by Pakistan.

She expressed the wish that the friendship and cooperation between Pakistan and China would continue to develop.

Bhutto Message to Li Peng Reported

OW2512125193 Beijing XINHUA in English 1153 GMT 25 Dec 93

[Text] Beijing, December 25 (XINHUA)—Prime Minister of the Islamic Republic of Pakistan Mohtarma Benazir Bhutto has sent a message to Chinese Premier Li Peng in celebration of the centenary of the birth of the late Chairman Mao Zedong's. [sentence as received]

In the cable, Bhutto praised Chairman Mao for his "exceptional leadership," under which the Chinese people established a People's Republic in 1949.

The cable said that Chairman Mao gained extensive esteem both at home and abroad, particularly in the Third World countries.

The message emphasized the powerful role of "Mao Zedong Thought" in guiding the downtrodden people in the world to break the shackles of colonialism, imperialism and exploitation.

On behalf of the people of Pakistan, Bhutto also expressed honor and thanks to Chairman Mao, during whose era the "durable relationship of mutual support and cooperation" between the two countries and two peoples was developed.

She also hoped that friendship and understanding between the two countries as well as between the Pakistan people's party and the Communist Party of China will be "still deeper" in the future.

Pakistan established formal diplomatic relations with China a year after it recognized the People's Republic of China in 1950.

South Asian Party Leaders Address Dhaka Seminars on Mao

OW2612174793 Beijing XINHUA in English 1722 GMT 26 Dec 93

[Spellings of all names of parties and party officials as received]

[Text] Dhaka, December 26 (XINHUA)—Speaking at seminars here today in celebrations of the birth centenary of late Chairman Mao Zedong, leaders of leftist parties here said that "Chairman Mao is still alive in the mind of the people all over the world".

Addressing a seminar presided over by Mr Amal Sen, chairman of the Workers Party of Bangladesh, leaders of the party highly appraised Mao Zedong for his great contributions toward China as well as the working people of the whole world.

They stressed that Chairman Mao's thought, especially his theories on "the arms struggle", "the people's war", "the socialist construction" as well as "the international communist movement", "enriched the treasure-house of the Marxist and Leninist philosophy". There would be no New China without Chairman Mao, they said.

A three-member delegation headed by the chairman of the ruling Left Front in West Bengal, India and prominent leader of the Communist Party of India (Marxist) Mr Sailen Dasgupta and a three-member delegation headed by prominent leader of Communist Party of Nepal Mr Mohan Chandra Adhikari also joined in the seminar attended by about eight hundreds of people.

Addressing the seminar, Mr Sasgupta said that in China, late Mao transformed a backward vast nation into a revolutionary dynamic one applying the "Marxism-Leninism" and "he is not only a great leader of a great country but great friend of the working class all over the world".

Mr Mohan Adhikari said that Mao Zedong accomplished a rare task by bringing socialist revolution in a big country like China and observed that communism will triumph despite setbacks in recent times.

Meanwhile, Bangladesh Samyabadi Dal (Communist Party) (M-L) also organised a discussion here today in celebration of the birth centenary of Mao Zedong.

Speakers at the discussion fondly remembered the founder of New China Chairman Mao Zedong for his contribution towards the emancipation of the toiling masses.

The president of Bangladesh China Friendship Association and Minister for Law, Justice and Parliamentary Affairs Mirza Golam Hafiz, in his speech, paid glowing tributes to the late Chairman Mao and said he had built a

New China with his thoughts and the cooperation of his people, which had later inspired other nation to follow.

The law minister referred to Chairman Mao's philosophy of people to people contacts and said "his concept of third world has given a clear identification of the backward nations and it had later inspired them to think about their own fate".

On the occasion of the anniversary of the 100th birthday of late Chairman Mao Zedong, embassy of the People's Republic of China in Bangladesh also organised a photo exhibition on Mao Zedong's life and film show "Mao Zedong and His Sons" here tonight attended by around one hundred people of all walks of life of the country.

Nepalese Prime Minister Meets Tibetan Troupe

OW2312131493 Beijing XINHUA in English 1245 GMT 23 Dec 93

[Text] Kathmandu, December 23 (XINHUA)—Nepalese Prime Minister Girija Prasad Koirala met with the visiting Xigaze art troupe of Tibet, China, here this afternoon at the prime minister's residence.

Expressing his warm welcome to the troupe's visit to Nepal, the prime minister said that "during my last visit to Tibet, I have visited beautiful Xigaze which has left a deep impression to me. I wish I could visit Tibet again when I'm free."

Koirala had paid a private visit to China's Tibetan Autonomous Region from October 30 to November 6.

He said that "China's Tibet and Nepal are very close and my first visit to Tibet is really a new experience to me. I found that Tibet is on the course of development from a primary society into a modernized one."

"After coming back from Tibet," he said, "I always told my friends inquiring of my Tibet visit that its much better to see what is going on in Tibet than to hear."

Sam Drug, head of the troupe, said that "'we have come to show to the Nepalese people the traditional Tibetan culture and, by so doing, to promote cultural relations as well as economic ties between China's Tibet and Nepal."

This is the first friendly visit to Nepal by a Tibetan art troupe which arrived here on Tuesday at the invitation of the Literary Journalist Association of Nepal.

The 25-member troupe gave its premiere on Wednesday evening in Kathmandu.

Nuclear Energy Official Meets Algerian Prime Minister

OW2512044393 Beijing XINHUA Domestic Service in Chinese 0732 GMT 23 Dec 93

[By reporter Wang Jingcheng (3769 2417 6134)]

[Text] Algiers, 22 Dec (XINHUA)—Malek, member of the Higher State Council and prime minister of Algeria, cordially received Li Dingfan, deputy director of the Chinese State Atomic Energy Agency [guo jia yuan zi neng ji gou 0948 1367 0626 1311 5174 2623 2845], and his delegation at the prime minister's office this afternoon. The guests

and host exchanged conversation on consolidating and developing friendly cooperation between the two countries.

Malek said he would like to extend his welcome to Li Dingfan who made a special trip to Algeria on the occasion of the 35th anniversary of the establishment of diplomatic ties between Algeria and China, to participate in the inauguration ceremony for the heavy-water reactor jointly constructed by the two countries. He said: This project is of great importance to Algeria in developing high technology and science. The Algerian Government is satisfied with the highly effective cooperation extended by China in the project as well as in other areas over the past 35 years. He requested Li Dingfan to convey to the Chinese Government the desire of the Algerian Government to further strengthen and broaden cooperation with China.

Li Dingfan conveyed the greetings from the Chinese leaders to Malek. Both sides expressed satisfaction with the continued development of friendly cooperation between the two countries over the past 30-odd years.

'Newsletter' on PRC-Built Reactor

OW2512042893 Beijing XINHUA Domestic Service in Chinese 1452 GMT 24 Dec 93

["Newsletter" by XINHUA reporter Wang Jingcheng (3769 2417 6134): "A Flower of Nuclear Science and Technology Jointly Cultivated by China and Algeria"]

[Text] Algiers, 24 Dec (XINHUA)—At a little past 1000 on 21 December, a special Boeing-767 plane landed at (Ain Wusela) military airfield 250 kilometers south of Algiers. Nearly 200 excited passengers, including Algerian government officials, most foreign diplomats in Algeria, and foreign and Algerian reporters, walked off the plane and continued the journey by bus toward a vast stretch of wilderness. Half an hour later, a cluster of beige buildings appeared on the horizon.

This is the site of (Ain Wusela) Science Town, so named in Algeria's development plan. The first group of buildings completed in the science town are those of the 15,000-kilowatt heavy water reactor built by Algeria in cooperation with China. On the occasion of the 35th anniversary of the establishment of diplomatic relations between China and Algeria on 21 December, the Algerian government held a grand inauguration ceremony for the reactor.

The multi-function heavy water reactor was completed after five years of close cooperation between Chinese and Algerian scientists in overcoming various difficulties. China provided Algeria with technology and a complete set of facilities [she shi 6080 2457], and trained relevant Algerian scientists and technicians. During the one-year warranty period, the reactor, operated by Algerian scientists and technicians, has shown that it is up to the designed standards in all functions and composite indexes [zong he zhi biao 4844 0678 2172 2871].

Djebbar, minister of national education of Algeria, presided over and addressed the ceremony. He said that the Algerian government is satisfied with the effective cooperation between the two countries in the high-technology field. During the ceremony, Algerian Foreign Minister

Dembri said the reactor is entirely for the purpose of scientific research on the peaceful use of nuclear energy. For this reason, he solemnly declared in the name of his government: "Algeria is preparing to join the Nuclear Nonproliferation Treaty." His declaration immediately won warm applause from among the foreign diplomats, and Algerian and Chinese scientists and technicians present.

The reactor, named "(As Salam)," is an important means to raise Algeria's science research level, as well as an indispensable installation for training Algeria's nuclear scientists and technicians. During the course of construction, scientists and technicians of the two countries combated sand-storms and droughts, and completed the reactor and supportive structures on schedule. Moreover, they planted trees, landscaped the surroundings, and laid a foundation for further development of the science town in the vast wilderness. During the course of cooperation, they established a profound friendship and took pride in cultivating, with toil and sweat, a flower of nuclear science and technology in Algeria's scientific and technological field.

The host showed the reactor and its control system to foreign diplomats and reporters. In the control center where various lights were flashing, the visitors listened attentively to a briefing by an Algerian staff member with a PhD degree. While shaking this reporter's hand, the Congolese ambassador to Algeria said: "I wholeheartedly wish China and Algeria success in this cooperative project."

After the visit, Li Dingfan, head of the Chinese delegation and deputy director of the State Atomic Energy Agency [guo jia yuan zi neng ji gou 0948 1367 0626 1311 5174 2623 2845], who made a special trip to Algeria to attend the ceremony, wrote in the visitors book: "May the flower of nuclear science and technology jointly cultivated by China and Algeria bear rich fruit soon." After learning of the meaning of Li Dingfan's inscription, (Madani), spokesman and director of the information department of the Algerian Foreign Ministry, said: The inscription fully reflects the aspirations of the Algerian and Chinese peoples, and the project which symbolizes Algerian-Chinese friendship will surely further promote friendly cooperation between the two countries.

West Europe

UK May Oppose GATT Membership Over Discrimination

HK2412061593 Hong Kong THE STANDARD
(BUSINESS STANDARD) in English 24 Dec 93 p 21

[By Antony Cheesewright in London]

[Text] China was warned yesterday that Britain would oppose its application for membership of the General Agreement on Tariffs and Trade (Gatt) if Beijing discriminated against British companies. Officials in London said any trade discrimination would be in breach of a China-European Community co-operation agreement and would not be "in the spirit" of China's application to join Gatt.

The clear implication is that Britain will consider opposing China's membership in retaliation for any discriminatory action by China against British business. The warning came in the wake of a deepening crisis between London and Beijing over Hong Kong and the screening of the British Broadcasting Corporation documentary film depicting Mao Zedong as a womaniser who condoned cannibalism.

A senior Whitehall source said: "The Chinese are very keen to get into Gatt, and we are simply pointing out that implied threats of trade sanctions against another country is not in the spirit of the organisation. The blocking of Gatt membership is just one of the options that could be open to us in the event of discrimination by China against UK companies.

"The benefits of Gatt membership to China are huge. It means something like 500 million (HK\$5,750 billion) trade credit a year to them, so there are benefits to be had on all sides.

"China, as we all know, could become a tiger economy if it was in the right mode. Being in Gatt would help China: On the other hand membership would prevent it doing some of the things now being threatened." The source added, "We are shadow-boxing at the moment. Nothing has been decided or options adopted at this end. What we're saying is: 'Look, there are agreements, Gatt is a discipline as well as an opportunity—just bear that in mind when you are making threats against our trade.'

"We must also look on the wider front, not just Gatt. We haven't heard of any specific instances yet of discrimination against British firms—we're not in that game yet. As always, this is being played along by Beijing. We are just pointing out gently some of the restraints and complications for China in the event of discrimination. It is not a simple bilateral matter. It's global and has EC elements in it as well."

A spokesman at the Chinese Embassy in London retorted "Gatt is something China is entitled to join, and should not be used as a weapon against China's sovereignty. China is now developing into a very powerful economy. It is developing as an economic force to which the rest of the world is attaching more and more importance. Political matters like Hong Kong should be kept separate from economics. This matter should not be used as a threat against China."

Political & Social

Celebrations For Mao Zedong's Centenary Held

Deng Gives 'Qualified Support'

HK2412032093 Hong Kong SOUTH CHINA MORNING POST in English 24 Dec 93 p 6

[By Willy Wo-lap Lam]

[Text] Patriarch Deng Xiaoping has given qualified support to celebrations of the centenary of Mao Zedong's birthday. Chinese sources said while Mr. Deng's career of reform was built on de-Maoification, the patriarch thought he could manipulate the Mao celebrations to his own advantage.

Moreover, official reports about Mr. Deng casting his vote on Wednesday for municipal-level elections in Beijing were meant to remind China and the world that it was the Chief Architect of Reform who was firmly in charge.

The sources said Mr. Deng had turned down advice from aides to drastically contain the scope of Mao-related festivities. Advisers to Mr. Deng had suggested that most of the celebrations be kept out of the capital, and that no politician with the ranking of politburo member or above attend the events. Intellectuals in Beijing said the Deng camp had acquiesced to the celebrations many of which were organised by the conservative wing of the party, because of widespread evidence that the Great Helmsman still commanded respect.

They said particularly in view of recent economic problems like hyper-inflation, a large number of workers and peasants were nostalgic about the "good old days" of the Great Helmsman. Scores of Mao-related galas, especially theoretical forums about the contributions of the late chairman were organised by ideologues faithful to Mr. Deng's nemesis, former propaganda chief Deng Ligu. In internal meetings, the leftist ideologues claimed that market reforms pioneered by Mr. Deng had spawned negative phenomena like polarisation of income levels.

Moreover, aside from Mao's relatives, other remnant Maoists like former party chairman Hua Guofeng had been in the media limelight in the past few weeks. National newspapers yesterday ran pictures of Mr. Hua casting his votes for the Beijing legislative elections. Mr. Hua, who was Mao's heir apparent, has continued to enjoy high popularity among party cadres and ordinary citizens.

"Deng Xiaoping wants to turn the table on the conservatives by asking his followers to host some of the centenary activities," a Western diplomat said. "The theme of these activities was that the patriarch had taken over the mantle of Mao and 'further developed' Maoism by introducing market economics to raise the living standard of the people."

China analysts said in spite of the long-standing rivalry between the two communist-Chinese titans, Mr. Deng thought both the party and his own faction could gain legitimacy by exploiting warm feelings that citizens still attached to Mao. They said it was for this reason that President Jiang Zemin, Mr. Deng's anointed successor,

went to Mao's birthplace, Shaoshan in Hunan province, this week to unveil a new statue of the Great Helmsman.

Mr. Jiang, who is lobbying hard to become the next helmsman of the party, was portraying himself as the successor of both Mr. Deng and the Great Helmsman.

At the same time, however, the Chinese media have continued to devote ample space to the study of the Third Volume of Mr. Deng's Selected Works.

Li Peng Opens Beijing Rally

OW2612030793 Beijing XINHUA in English 0253 GMT 26 Dec 93

[Text] Beijing, December 26 (XINHUA)—Chinese Communist Party General Secretary Jiang Zemin today praised the historic contributions made by China's late Chairman Mao Zedong.

In a long speech at the Great Hall of the People, Jiang hailed the late chairman as "a great Marxist, a proletarian revolutionary, strategist and theoretician, and a great patriot and national hero in China's modern history."

He was speaking at a mass rally here commemorating the centenary of Mao's birth.

Premier Li Peng opened the 10,000-strong rally, held by the Chinese Communist Party Central Committee, the Standing Committee of the National People's Congress, the State Council, the Central Military Commission and the National Committee of the Chinese People's Political Consultative Conference.

Attending were party and state leaders, including Qiao Shi, Li Ruihuan, Zhu Rongji, Liu Huaqing, Hu Jintao and Rong Yiren.

Jiang Zemin said Mao's greatest historic contribution lay in his integration of the fundamental principles of Marxism and Leninism with China's concrete reality.

He led the Chinese Communist Party and people in finding a correct road for China's new democratic revolution, in completing the task of fighting imperialism and feudalism, bringing to an end the semi-colonial and semi-feudal society, culminating in the founding of the people's republic and establishment of the socialist system.

Mao Zedong then started searching for a socialist road for China by proceeding from the country's specific conditions.

Jiang said that despite the twists and turns or even grave errors in the search, China, under the leadership of the party and Mao Zedong, started large-scale national construction and established an independent and relatively complete industrial system and national economic system.

He said the Chinese communists, with Mao Zedong as their principal representative, summed up the experiences of China's long-term revolution and construction in theoretical terms, in accordance with the fundamental principles of Marxism and Leninism, and produced the scientific guiding ideas which fit China's reality. That is "Mao Zedong Thought," he said.

Jiang said that to correctly evaluate Mao's contributions and mistakes and to establish the historical status of Mao Zedong thought would have a bearing on the unity of the Communist Party and the tranquillity of the country, as well as future developments, he added.

He noted that Deng Xiaoping, while leading the party and the country out of the disaster of the "cultural revolution," had devoted much energy to finding a solution to the problem.

Deng pointed out that Mao's contributions were the mainstream while the mistakes in his late years came second; he made mistakes because he departed from his own correct principles, and his mistakes were those made by a great revolutionary and a great Marxist, Jiang said.

He said the Chinese Communist Party, during its 70 years of struggle, inscribed on its banner Marxism-Leninism and Mao Zedong Thought, which integrates Marxism-Leninism with China's concrete conditions; now it has added Deng Xiaoping's theory of building socialism with Chinese characteristics—Marxism in contemporary China.

To liberate the mind and seek truth from facts is the essence, and to further emancipate and develop social productivity is the essential starting-point, for the construction of socialism with Chinese characteristics, Jiang said.

To practise the policy of reform and opening to the outside world is the most striking characteristic, and to maintain independence and work self-reliantly is the fundament, for the construction of socialism with Chinese characteristics, he said.

Jiang said that Mao Zedong Thought is a science which develops along with the developments of the times. Deng Xiaoping's theory of constructing socialism with Chinese characteristics has inherited, enriched and developed Mao Zedong Thought and carried it to a new height.

"As long as we keep advancing in the direction indicated by the theory and through many generations' efforts, we will certainly be able to build up a prosperous, strong, democratic, civilized and modernized socialist China," he said.

Jiang Zemin Addresses Rally

CM2612143393 Beijing XINHUA Domestic Service in Chinese 0813 GMT 26 Dec 93

[Speech by CPC General Secretary Jiang Zemin at a 26 December Beijing rally to commemorate the 100th anniversary of Mao Zedong's birth]

[Text] Beijing, 26 Dec (XINHUA)—Comrades and friends:

Today we solemnly gather here to mark the 100th birth anniversary of Comrade Mao Zedong, the main founder of the Communist Party of China, the People's Liberation Army of China, the People's Republic of China, and the great leader of Chinese people of various nationalities. Under the guidance of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and the

guidelines set forth at the 14th CPC National Congress, the entire party, the whole Army, and the people of various nationalities in the nation are unremittingly implementing the party's basic line and striving to build our China into a rich, strong, democratic, civilized, and modernized socialist country.

Socialist China is enjoying a political stability, economic development, national unity, and social progress, and is full of vitality. When we commemorate Comrade Mao Zedong and recall the history of our party and our country under such a situation, we feel even more profoundly that it was the first generation of the party's central collective leadership, with Comrade Mao Zedong at its core, that had made pioneering and indelible contributions to building a new and modern socialist China. When Comrade Mao Zedong and other founders of the CPC entered the political arena, the Chinese nation was under the dark rule of imperialism and feudalism. The country was divided, the people were suffering a great deal of humiliation, and tangled fights among warlords never stopped. The people were struggling in misery. After the Opium War, a common ideal sought unremittingly by the people of various nationalities across the country was to save China and its people and to achieve independence, unification, democracy, and prosperity in the country. The progressive people in China worked hard in sacrifice, advanced wave upon wave, and wrote epic chapters. However, all the explorations and efforts by the people failed before the founding of the CPC. Imperialist aggression shattered the Chinese people's pipe dream of indiscriminately imitating western nations. The Chinese nation remained in the abyss of misery and could not find a way of liberation.

The greatest historical contribution of Comrade Mao Zedong is his integration of the basic principles of Marxism-Leninism with China's reality; he led our party and the people in the discovery of a correct path for new democratic revolution, accomplished the anti-imperialist and anti-feudalist tasks, ended China's history of being a semi colony and semifeudal society, founded the People's Republic of China, established the socialist system, and proceeding from China's reality, began to explore a path to build socialism. In big oriental countries like semicolonial and semifeudal old China, the peasants constituted the great majority of the population, while a very small number of the people were of the working class. An extremely complex and new question for study in the history of the proletarian revolution is how to work under the CPC's leadership and rely on the working class and a strong worker-peasant alliance to unite the people of all nationalities across the country, seek national liberation and independence first, make the people the masters of their own affairs, and then open up a road leading to socialism.

Comrade Mao Zedong applied Marxism-Leninism in making a thorough analysis of the formation of the society and the economic status and political attitude of various classes in China. He clarified the character, targets, tasks, and motive force of the Chinese revolution. He put forward the two-step strategy of attaining socialism through the new democratic revolution. He formulated the general line for the new democratic revolution—the mass line of

opposing imperialism, feudalism, and bureaucratic-capitalism under the leadership of the proletariat. He opened up a revolutionary road of building rural revolutionary base areas, encircling the cities from the rural areas, and seizing political power with armed force. Comrade Mao Zedong and his comrades-in-arms founded a proletarian regime armed by the revolutionary theories and style of Marxism-Leninism, a people's army which fights heroically for the cause of the people's liberation under the party's absolute leadership, and a united front which unites the great majority of the people across the country in working hard together. After 28 years of extremely arduous struggle, the three big mountains weighing on the backs of the Chinese people [imperialism, feudalism and bureaucratic-capitalism] were finally overthrown, and new China was founded in 1949. The Chinese people have stood up since.

After New China was founded, the party Central Committee with Comrade Mao Zedong as the nucleus led all the people across the country to continue to propel China's history forward while quickly healing the wounds of war and restoring the national economy. Following a proposal by Comrade Mao Zedong, the party Central Committee lost no time in putting forward the general line for the nation to gradually achieve socialist industrialization and to fulfill socialist transformation in agriculture, the handicraft industry, and capitalist industry and commerce during a transition period. Under the guidance of the general line, China laid a preliminary foundation for industrialization; blazed a trail for socialist transformation suited to its national conditions. In the light of China's characteristics, China used the form of state capitalism and the policy of peaceful redemption [he ping mai shu 0735 1627 6314 6370] to transform reform capitalist industry and commerce, transformed agriculture and the handicraft industry under individual ownership through gradual transitions; made the social productive forces continue to develop in the process of socialist transformation; and increased the living standards of the broad masses of the people. This was a unique creation by the CPC. The basic fulfillment of socialist transformation and the establishment of a socialist system over all the country were the most profound and greatest social changes in the history of our country. They became the foundation for New China to continue to make progress and enjoy development. After socialist transformation was basically fulfilled, Comrade Mao Zedong vigorously explored the road for China to build socialism by itself by using the Soviet experience for reference. In 1956, Comrade Mao Zedong delivered a speech on the ten major relationships, stressing that our fundamental principle was to bring into play every positive factor at home and abroad to serve our socialist cause. In 1957, Comrade Mao Zedong delivered a speech on the correct handling of contradictions among the people. He pointed out that the basic contradictions existing in a socialist society were still those between the relations of production and the productive forces and between the superstructure and the foundation of the economy; he believed that our fundamental task had changed from the liberation of the productive forces to the protection and development of the productive forces under the new relations of production; and he put forward

the strategic thinking that we should make a strict distinction between the two different contradictions and correctly handle them, and that we should unite the people of all nationalities across the country to develop our economy and culture, to build socialism, and to make our country strong. These two works had important significance for our party when it was in the initial stage of exploring the road for socialist construction. In these two works and in many other works, Comrade Mao Zedong expressed a number of important views on China's socialist construction, involving politics, the economy, culture, national defense, and foreign affairs. Despite complications and even serious mistakes in the course of exploration, under the leadership of the party and Comrade Mao Zedong, we made efforts to find a road suited to China's national conditions for us to carry out socialist construction while establishing a basic socialist system suited to China's national conditions; began to proceed with large-scale construction in an all-around way; and established independent and relatively complete industrial and national economic systems. From the changes taking place in the international situation in recent years, we can see more clearly and profoundly what a significant [6850 1129] role the CPC fostered persistence, independence, and untiring exploration for a road suited to ourselves and the spirit of improving ourselves, standing on our own feet, fearing no ghost, and refusing to be taken in by fallacies in the course of socialist construction have played in safeguarding the sovereignty of the state as well as our national dignity and in consolidating and developing the socialist system. Under the leadership of the party and Comrade Mao Zedong, Chinese society underwent earth-shaking changes. China moved from a semicolonial and semifeudal society into a new socialist period. China changed from a country plundered and enslaved by imperialism to an independent country that exercises sovereignty, from a country rent by disunity to one that has achieved unification except for Taiwan and the islands in its vicinity, from a country whose people were subjected to all kinds of bullies to one whose people are the masters of their destiny and enjoy democratic rights, from a country economically and culturally backward to one that is on the way to economic prosperity and comprehensive progress, and from a country despised by others to one that wins the respect of all the other members of the international community. All these are the basic economic, political, and cultural conditions for the building of a prosperous, strong, democratic, and civilized modern socialist country. They lay a solid foundation for China to march toward a bright future.

CPC members, with Comrade Mao Zedong as their chief representative, theoretically summarized China's experiences in its protracted revolution and construction in accordance with the basic tenets of Marxism-Leninism, molding them into a scientific guiding ideology suited to China's national conditions. This is Mao Zedong Thought. Comrade Mao Zedong integrated the basic tenets of Marxism-Leninism with China's concrete conditions, thereby enabling Marxism-Leninism to take deep root in China. Mao Zedong Thought is a complete, scientific ideological system. It enriches and develops Marxism-Leninism with original theories on a wide range of areas,

including the new democratic revolution; socialist revolution and construction; revolutionary army building; military strategy and national defense construction; policies and tactics; ideological, political, and cultural work; and party building. The living soul of Mao Zedong Thought pervades one's stand, viewpoints, and methods in all these areas. There are three basic aspects. They are seeking truth from facts, the mass line, and maintaining independence and keeping the initiative in one's own hands.

To seek truth from facts is to constantly deepen one's understanding of China's national conditions, to study and master the objective law of social development, to find a way to carry out revolution and construction in line with China's conditions, to determine the strategies and tactics by which our party leads the people in transforming and building China, and to achieve the goal of advancing the historical process. The mass line means systematically applying Marxism-Leninism and the principle of regarding people as the makers of history in all activities carried out by the party so as to shape this into the party's basic work line. Our party overcame various difficulties and created various miracles by serving the people in everything it did, by trusting and relying on the people, by pooling the people's wisdom, and by marshaling the people's strength. To maintain independence and keep the initiative in one's own hands is to unflinchingly preserve national independence, defend national sovereignty, and rely on oneself while actively seeking foreign assistance, developing economic and cultural exchanges with other countries, and learning all things advanced from foreign countries that are useful for us. Mao Zedong Thought is the application and development of Marxism-Leninism in China and the crystallization of the CPC's collective wisdom. It will forever be a theoretical treasure house of CPC members and a spiritual pillar of the Chinese nation. It will forever be an action guide for our construction of a modern socialist country.

[Text] From the long history of struggle, the Chinese Communists know full well the reasons for our party's ability to shoulder heavy historical tasks, to gain the people's support, and to become the centripetal force of leading the Chinese revolution and construction undertakings. Because our party has repeatedly stood the tests of arduous struggle and been able to create theory, it has been able to constantly enrich, develop Mao Zedong Thought, and finally make Mao Zedong Thought the party's guiding thought. As there is a proletarian vanguard in such a big oriental country as China which knows how to make use of Marxism-Leninism in line with the country's reality and knows how to develop the characteristics of Marxism-Leninism and to fit it into China's traditions, a fundamental guarantee was thus assured for the victory of revolution and undertaking of construction. The CPC, armed with Mao Zedong Thought, is a party whose fundamental purpose is to wholeheartedly serve the people. It loyally serves the people, seeks the interests of the people, and never seeks any private gain. Our party is a party that is good at integrating lofty ideals with actual tasks; it persists in dialectical materialism and in historical materialism; it knows the survival of the fittest and the law of development. From its very founding, it has integrated the goals of the then new democratic revolution with those of

socialism and communism in the future. It is down-to-earth as far as revolutionary farsightedness is concerned; it adopts a strict, scientific, and truth-seeking attitude. The spirit of self-sacrifice, hard struggle, and fearlessness characterizes our party. It made great sacrifices and achieved outstanding victory for the liberation of the Chinese nation and for social progress, thus winning the trust and support of all the people. Our party has its own excellent workstyle; it persists in the integration of theory with reality; it forges close ties with the masses; it makes self-criticism; it has great conviction; it has great vitality; it has strong fighting strength. Our party is organized according to the principle of democratic centralism; it fully gives play to democracy; it pools wisdom from the whole party and the people; it unifies discipline and coordinates actions; it unites and relies on the masses to strive for the realization of the party's line and tasks.

Comrade Mao Zedong was a great Marxist, a proletarian revolutionary, a military strategist, and a theoretician; he was a great patriot and a national hero in contemporary China. In the long and hard revolutionary years, Comrade Mao Zedong had shown himself to be a revolutionary leader with political farsightedness, had unwavering faith in the revolution, was a master in the art of struggle, and was a talented leader who grasped the entire situation. He was a great leader who grew out of the masses. He always belongs to the people. The revolutionary spirit of Comrade Mao Zedong has a strong cohesiveness. His great personality has moving appeal. His scientific thinking has extraordinary attractiveness. The splendid historical achievements he scored along with his comrades-in-arm were respected by all upright people in the world. His revolutionary practices and brilliant deeds have already been recorded in the annals of history. His name, thought, and spirit will always encourage the Chinese Communists and all nationalities in the nation to continuously propel the progress of Chinese history. Comrade Mao Zedong, as a great historical figure, not only belongs to China but also to the world. Comrade Mao Zedong always lives among us. We should conscientiously study his scientific works and draw wisdom and strength from them. The fact that the soil of China has produced a Mao Zedong is the pride of our party, our country, and the Chinese nation. We always feel deep respect and love for Comrade Mao Zedong.

Comrades and friends: The death of Comrade Mao Zedong and his close comrades-in-arms—Zhou Enlai, Liu Shaoqi, Zhu De, and other proletarian revolutionaries of the older generation—one after another immersed all party members and people of all nationalities around the country in deep sorrow. At that time, the party and state had not yet extricated themselves from the grave calamity caused by the Cultural Revolution; China's social development was at a crucial historical juncture. The question of how the cause of building a prosperous, strong, democratic, and civilized socialist modern state—a cause that the CPC and the Chinese people were diligently working for—would be carried forward into the future became a focus of concern for the entire party, army, and people of all nationalities around the country.

History has placed two significant and correlated tasks before the CPC members: how should Comrade Mao

Zedong and the historical position of Mao Zedong Thought be appraised, and how a correct course for China's socialist modernization drive could be established in accordance with changes in international and domestic conditions and both positive and negative historical experiences. Led by the party's second-generation central leading collective with Comrade Deng Xiaoping as the nucleus, the CPC has offered a scientific answer to these two historical tasks. In December 1978, the CPC successfully held the Third Plenary Session of the 11th CPC Central Committee and brought about a great turn [zhuan zhe] with profound significance in party history. This plenary session set the guiding principles of emancipating the mind, using our brains, seeking truth from facts, and looking forward in unity; started the work of bringing order out of chaos; and resolutely stopped using the slogan of taking class struggle as the key link—a slogan that was incompatible with the principal social contradiction after the comprehensive establishment of a socialist system in the country. The plenary session made a strategic decision to shift the focus of the party's entire work to the socialist modernization drive and re-established the ideological, political, and organizational lines of Marxism.

Correctly appraising Comrade Mao Zedong's historical merits and demerits and defining the historical position of Mao Zedong Thought had a bearing on the treatment of the party and the state's achievements over decades of struggles, on party unity and national stability, and on the course of future development for the party and state. This was an urgent problem of overall and extreme importance faced by the CPC following Comrade Mao Zedong's death.

In the course of leading the CPC and the state out of the grave calamity caused by the Cultural Revolution and in setting right the guiding ideology, Comrade Deng Xiaoping exercised great efforts to solve the problem of correctly appraising Comrade Mao Zedong and Mao Zedong Thought. He noted: Without Chairman Mao, we Chinese people would, at the least, have to grope for a longer time in the dark. Mao Zedong Thought is a scientific system. It should be accurately understood in its entirety and applied as guidance to the entire party, army, and people around the country to push forward the cause of the CPC and socialism. He took the lead in resisting and criticizing the erroneous principle of two whatevers, supported the launching of discussion on practice being the sole criterion for verifying truth within the whole party and throughout the country, and led the entire party to shake off the yoke of leftist ideology.

Comrade Deng Xiaoping noted: Comrade Mao Zedong's achievements are primary and his mistakes in his later years are secondary. He made mistakes because he violated his own correct principles—they were mistakes made by a great revolutionary and a great Marxist. Comrade Deng Xiaoping firmly criticized the erroneous trend of totally negating Comrade Mao Zedong and Mao Zedong Thought because of the mistakes Comrade Mao Zedong made in his later years. He said: It is precisely because we had adhered to Mao Zedong Thought that we won a great victory in the Chinese revolution. The banner of Mao Zedong Thought cannot be discarded. We will make historic blunders should we fail to uphold Mao Zedong

Thought. Defining Comrade Mao Zedong's historical position and upholding and developing Mao Zedong Thought is the most essential matter. We should hold high the banner of Mao Zedong Thought not only today, but in the future as well.

These important views of Comrade Deng Xiaoping formed the basic ideology of the Resolution on Several Questions Concerning the CPC's History Since the Founding of the PRC, drafted under his personal supervision and adopted by the Sixth Plenary Session of the 11th CPC Central Committee. Upholding Marxism, the resolution, which summarized the CPC's historical experiences and assessed its leading figure in a realistic, objective, and fair manner, has once again testified that our party is a mature and staunch Marxist political party both politically and theoretically. The resolution, by eliminating left and rightist interferences, unified the thinking and strengthened the unity of the entire party membership, and inspired all party members and whole Chinese people to forge ahead into the future in full confidence.

While solving the major task of correctly assessing Comrade Mao Zedong and safeguarding Mao Zedong Thought and its historical position, the party Central Committee, with Comrade Deng Xiaoping as the nucleus, began another major task having great bearing on the future destiny of the party and the country, that is, the continuing exploration of ways for China to realize socialist modernization. The CPC had carried out this arduous exploration since the fifties. During those years, we went through twists and turns again and again, including successful experiences and lessons from blunders. At this crucial stage in the development of Chinese history, Comrade Deng Xiaoping inherited and developed Mao Zedong Thought by integrating the basic tenets of Marxism with the realities in China and with special features of the times. With great political fortitude to blaze a new road for socialist construction and theoretical boldness to open up a new realm of Marxism, he concentrated the wisdom of the entire party membership and whole Chinese people, and creatively put forward the theory of building socialism with Chinese characteristics. The theory, which provides a scientific answer to the primary basic theoretical question of what is socialism, incisively brings to light that the essence of socialism is to emancipate and develop the productive forces, eliminate exploitation and polarization, and finally realize common prosperity, thus initially and systematically solving, for the first time, a series of fundamental questions concerning how to build, consolidate, and develop socialism in a country with a relatively backward economy and culture like China.

Guided by this theory, the CPC has formulated its basic line of taking economic construction as the central task, upholding the four cardinal principles, and persisting in reform and opening up in the initial stage of socialism; and has defined the correct path of socialist construction for China. This epitomizes another new historical leap for our party of integrating Marxism with the realities in China after the historical leap of successfully finding the revolutionary path for the New Democratic Revolution and establishing the socialist system for China's development. Thus, a broad road with bright prospects for a strong,

prosperous, democratic, civilized modern socialist country has unfolded before all party members and people across the country.

In the more than seven-decade-long combatant course, our party has written down on our banner Marxism-Leninism and Mao Zedong Thought, the ideology that integrates Marxism-Leninism with the practice of Chinese revolution. Now we have also written down on our banner Deng Xiaoping's theory of building socialism with Chinese characteristics, which is the Marxism of contemporary China. The party's theoretical maturity and development has provided an effective guarantee for our cause to continually ride from victory to victory. Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics represents the theoretical summation of our rich experiences in reform, opening up, and socialist modernization construction; it is a spiritual pillar and scientific compass guiding us to continue to advance triumphantly. The theory has rich and profound contents, covering all aspects of the work of the party and the government. Recently, in connection with the publication of Volume 3 of the *Selected Works of Deng Xiaoping*, the party Central Committee has made a special decision on the question of studying the volume. The vast number of cadres, leading cadres in particular, must systematically study the theory, grasp its spiritual essence, and persistently implement it in every aspect of work in the light of realities in each locality or department and in the thinking of each individual. Emancipating minds and seeking truth from facts form the quintessence of the theory of building socialism with Chinese characteristics.

Comrade Deng Xiaoping pointed out that seeking truth from facts is the foundation of the proletarian work outlook, the ideological foundation of Marxism, and the basis [gen ben dian 2704 2609 7820] of Mao Zedong Thought. To emancipate the mind means to bring ideology in line with reality and to bring subjective views in line with objective reality—that is to seek truth from facts. Comrade Deng Xiaoping, like Comrade Mao Zedong, has always opposed studying Marxism without taking into consideration the reality of China's social conditions, revolution, and construction. He said: We must not violate for a moment the basic principle of Marxism, Leninism, and Mao Zedong Thought—let us not have any doubt about this. However, this principle must be integrated with reality. We should analyze and study practical problems and situations, solve practical problems, and decide the principle for our work according to reality. This is the most basic ideological and work principle that all communists must bear in mind. In his opening speech at the 12th CPC National Congress, Comrade Deng Xiaoping expressly pointed out that China's affairs should be handled according to the situation in China and with Chinese people's own hands. It was in this important speech that Comrade Deng Xiaoping for the first time forwarded to the whole party and people across the country the brilliant thinking of treading our own path and building socialism with Chinese characteristics.

China, a big developing country, has many situations and development characteristics that are different from other countries'. In the course of our socialist modernization

drive, we must not rigidly adhere to dogmas, nor must we mechanically copy other people's models. We must insist on giving primary consideration to our country's reality and must open up a socialist construction path with Chinese characteristics. With this path, no one will be able to shake our strong conviction of realizing our great cause. With this path, we will be able to draw a clear line on the issue of socialist construction, in theory and in practice, between us and all leftist and rightist erroneous tendencies. Comrade Deng Xiaoping has always insisted on seeking truth from facts and giving respect to practice and the masses' creative spirit, and has always enthusiastically supported the masses in applying themselves to making explorations and pioneering new spheres of endeavor in their practice. He has continued to sum up new experiences gained by the masses to enrich and develop our party's theories and policies, setting a brilliant example for us.

Further liberating and developing social productive forces is the basic point of departure of building socialism with Chinese characteristics. Comrade Mao Zedong held that the purpose of revolution is to liberate productive forces and he correctly infused this thought into the entire process of China's new democratic and socialist revolutions. The reason the later taking class struggle as the key link was wrong is because, in the final analysis, after our socialist reform was basically completed, China's major social contradictions were no longer class contradictions, but contradictions between the people's increasing material and cultural needs and the backward social production. The most basic thing we should do to solve these contradictions is to concentrate our efforts on developing social productive forces. Summing up historical experience and lessons, Comrade Deng Xiaoping emphatically pointed out that the most fundamental task in the socialist stage is to develop productive forces. To lay a material foundation for realizing the communist cause and revolving around continuing to liberate and develop productive forces, we should historically link up and unify the entire social changes and social practices—from the CPC's leading the people to carry out the democratic and socialist revolutions, to our adhering to socialism, and to finally realizing the communist cause. An in-depth understanding of and self-consciously upholding of this fundamental view will enable us to firmly establish, both in theory and practice, that the guiding thought in upholding socialism is that we must regard economic construction as the central task. It also will enable us to truly use the principle of being "conductive to three causes" ["conductive to developing our socialist society's productive forces, to increasing our socialist country's overall strength, and to improving the people's living standards] as the criteria for determining whether our work in all areas is right or wrong and whether we have gained or lost in our work.

Over the last 15 years, we have always regarded economic construction as our central task. We have made great achievements in building socialist material and spiritual civilizations—achievements which have attracted worldwide attention. So long as we persevere in doing so, we surely can achieve our country's socialist modernization.

The practice of reform and opening up is the most distinctive feature of building socialism with Chinese characteristics. Chairman Mao Zedong analyzed the situation after the establishment of the socialist system—a situation characterized by the existence of both harmony and contradiction between production relations and productive forces and between the superstructure and the economic base. He pointed out: The socialist society's contradictions can be resolved constantly by the socialist system itself.

Comrade Deng Xiaoping has led our party in finding out the correct way to resolve the contradictions—that is, to carry out reform and open up to the outside world. He said: Reform is the self-perfection of the socialist system, which in a certain realm has undergone revolutionary change to a degree. That is a major matter which shows that we have begun to find a way to build socialism with Chinese characteristics.

Our experience of 20 years, especially the lessons of the Great Cultural Revolution, tells us that we cannot afford not to carry out reform, nor can we afford not to formulate new political, economic, and social policies. The Third Plenary Session of the 11th CPC Central Committee has formulated a series of such principles and policies, and made us take a new road. These policies can be summarized as reform and opening up. To persist in reform and opening up and to uphold the four cardinal principles are the two basic points of our party's basic line. They complement and depend on each other. During the entire course of reform and opening up, we must always pay attention to upholding the four cardinal principles. As another revolution in our country, as the only way to develop social productive forces and to achieve socialist modernization, and as the correct way to bring about self-perfection and self-development of the socialist system, reform is an unprecedented, brand-new creation in the history of the development of socialism. With the basic thinking of reform and opening up and with their basic implementation, China's socialist cause enters a new period of vigorous development. Comrade Deng Xiaoping is the chief architect [zong she ji shi] of China's socialist reform, opening up, and modernization. Reform and opening up have made him develop Mao Zedong Thought in a creative way, and develop the most prominent contributions of Marxist and Leninist theories on building socialism.

To persist in reform and opening up is a major policy which will decide the destiny of contemporary China, as well as a great undertaking. Practice has proven, and will continue to prove, that the policy is successful and correct. So long as we firmly promote reform and opening up, society's productive forces will be constantly liberated and developed, and China's socialist cause will be full of vitality forever. To develop China independently and with the initiative in our own hands is our foothold in building socialism with Chinese characteristics. Comrade Deng Xiaoping has said that in the final analysis, our construction policy remains the policy of relying mainly on our own efforts while making external assistance subsidiary—a policy Chairman Mao formulated. He emphasized: To work independently and with the initiative in our own

hands was our foothold in the past, it still is at present, and it will remain our foothold in the future.

The Chinese people cherish friendship and cooperation with other countries and their people and cherish even more the right of independence gained from struggle over a protracted period of time. No other country can expect China to be its dependency or to swallow bitter fruit that harms our interests.

We firmly implement the policy of opening to the outside world, actively expand exchanges and cooperation with foreign countries on the basis of equality and mutual benefit, and draw on any good experience which is beneficial to the development of our socialist cause. At the same time, we should keep a clear head. We will never permit decadent capitalist thinking and lifestyles to spread in our country. The Chinese people have their own sense of national pride and self-respect. They deem it the highest honor to rely on their motherland and to contribute all their efforts to building their socialist motherland. They deem it the greatest disgrace to hurt their socialist motherland's interests, dignity, and honor. Comrade Deng Xiaoping emphasizes the need to always place national sovereignty and security above everything else, and he firmly opposes hegemonism and power politics. All party comrades must strive to display noble national integrity, firmly safeguard national sovereignty and dignity, integrate socialism with patriotism, and concentrate our efforts on managing our own affairs well.

Comrade Deng Xiaoping pointed out: After the Third Plenary Session of the 11th CPC Central Committee, we will restore the correct things associated with Comrade Mao Zedong. This means we will accurately and completely study and apply Mao Zedong Thought. The main points remain the same. In many aspects, we are now carrying out tasks which Comrade Mao Zedong proposed but were not attended to. We are rectifying things which he wrongly opposed and are properly handling things which he failed to manage well. For a considerable period of time to come, we should continue to handle these things. To be sure, we should seek development, and what is more, should pursue continuing development. Facts show that the application and development of Mao Zedong Thought gives full expression to Comrade Deng Xiaoping's scientific attitude of seeking truth from facts, brilliant political wisdom, and spirit of improving upon Marxism. He proves himself to be Comrade Mao Zedong's loyal comrade-in-arms, as well as a most prominent heir to and developer of Mao Zedong Thought. The formation of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics shows that our party has reached a new level of understanding of the objective law of socialist construction in China. It also shows that the practice of building a modern socialist country that is prosperous, strong, democratic, and civilized under our party's leadership has reached a new historic stage. Over the past 10 years or so, our great motherland has made significant strides under the guidance of this theory of Comrade Deng Xiaoping and the party's basic line. China's socialist cause has flourished and achieved great successes amid rapid changes on the international scene,

increasing our understanding that Comrade Deng Xiaoping's leadership of the entire party in scientifically assessing Comrade Mao Zedong and in preserving Mao Zedong Thought's historic status is of extremely far-reaching significance to initiating the path of building socialism with Chinese characteristics in an all-round manner.

Comrades and friends: Mao Zedong Thought is a branch of science that develops with the times. Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics inherits, enriches, and develops Mao Zedong Thought and raises it to a new high. We will surely build China into a modern socialist country that is prosperous, strong, democratic, and civilized by moving persistently with great strides in the direction pointed out by this theory and through the struggles of successive generations.

Whatever happens in the future, we must steadfastly implement the party's basic line and must remain unshaken in our resolve for a hundred years. We must make efforts to study well Marxism-Leninism-Mao Zedong Thought by integrating the study with promoting development through reform and construction and with the changing objective realities. The central substance is to study well Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics so that we may arm the thinking of comrades of the whole party and all the people across the country with it and use it to guide the various tasks of the party and state. The present international and domestic situations provide a rare opportunity favorable for our development. We must seize the opportunity; quicken the pace of reform and opening up; open up our doors wider to the outside world; strengthen and improve macroeconomic regulation and control; and maintain the national economy's sustained, rapid, and healthy development [bao chi guo min jing ji chi xu kuai su jian kang fa zhan]. In the process of achieving socialist modernization, we must always follow the party's basic theory and line; firmly grasp the central task of economic construction; make efforts to develop a socialist market economy, socialist democracy, and socialist spiritual civilization; and continuously promote the great cause of building socialism with Chinese characteristics in an all-round way. We must steadfastly develop a socialist market economy and expedite the rapid development of China's social productive forces.

The 14th national party congress decided on initially establishing a socialist market economy and on fulfilling the second-step objective of development, namely, enabling our people to lead a fairly comfortable life in the nineties. In other words, we must attain a new level in both reform and development. Development is the last word. Reform and development are a unity. The purpose of reform is to promote development. The decision on certain issues concerning the establishment of a socialist market economy adopted by the Third Plenary Session of the 14th CPC Central Committee on the basis of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and of the guidelines laid down by the 14th national party congress sums up the achievements scored by our exploration in reform and opening up and the experiences gained in practice over the past 15 years,

and designs the blueprint for the establishment of a socialist market economy. It is a program governing our actions in deepening reform of the economic structure. The socialist market economy is integrated with the basic socialist system. We establish a socialist market economy to enable the market to play a basic role in the disposition of resources under macroeconomic regulation and control by the state. It has distinct socialist characteristics in respect of the structure of ownership, distribution system, and macroeconomic regulation and control. Therefore, it also has strong points that capitalism cannot possibly have. We must adhere to and make the most of our own strong points; attach importance to our experiences; and, in the light of actual conditions in China, actively incorporate the useful experiences of the advanced Western countries in utilizing the market to promote the development of the social productive forces so that we may give full play to socialism's superiority as well as the market's strong points in the disposition of resources.

The basic goals and tasks of our developing a socialist market economy is to bring vitality into the national economy; to enhance the national economy's reserve strength; to provide rationality and coordination to the economic and industrial structures; to maintain the unity between positive growth rates and good economic efficiency; to maintain a correct integration between production efficiency and equal distribution; to ensure the constant building up of the agricultural foundation; to ensure the market competitiveness of state-owned large and medium enterprises so as to constantly enhance their leading roles in economic development; to ensure that the publicly owned economic sector, which is the national economy's mainstay, and various other economic sectors, play their respective roles; and to ensure the gradual improvement of the people's living standard on the basis of developing production and the final realization of the goal of common prosperity. With the people's full support, the party's correct leadership, and the excellent summing up of experiences in the course of practice, we believe that we will surely and successfully establish and perfect a socialist market economic system, constantly bring about a rise in our country's social productive force through adoption of a new economic system, and smoothly realize the goals of modernization.

We must persist in developing socialist democracy and strive to establish and perfect democratic politics with Chinese characteristics. Socialism is the people's cause and they voluntarily involve themselves in the realization of this cause. The people are the masters of society who are also the masters of the socialist undertaking. In essence, socialism calls for people's democracy. This kind of democracy is a democracy which aims to bring interests to all the people, combines with the socialist legal system, and operates in a well-guided and orderly fashion. There will be no socialism or socialist modernization if there is no people's democracy or a unified legal system. While reforming the economic structure, we need to simultaneously reform the political structure. The general tasks and goals of our country's political structure reform are to persist in and improve the systems of the people's congresses, multiparty cooperation, and political consultation under the Communist Party's leadership. It is necessary to

greatly develop socialist democracy and fully mobilize the initiative and creativeness of workers, farmers, intellectuals, and others through reforms of the party, state leadership, and cadre systems; of organizations; and through overcoming bureaucratism and formalism, through raising work efficiency, through establishing and perfecting various forms of responsibility systems, through democratic decision-making, and democratic supervisory system, so that those reforms will be conducive to maintaining the country's stability, enhancing the great unity among all the nationalities, consolidating the party's leadership and socialist system, and developing socialist social productive forces. Socialist democracy is the broadest kind of people's democracy. In essence, it is different from capitalist democracy, which is only enjoyed by a few people. In the course of building socialist democratic politics, we should always and unwaveringly take our own path. We should not copy the Western political system. If we do, China will surely be thrown into confusion.

Over the past decade or so, we have accumulated much experience in carrying out political structural reform and developing socialist democracy. We firmly believe that by relying on the wisdom of all party members and people across the country, we are not only capable of establishing and perfecting a dynamic socialist market economic structure in China but also entirely capable of gradually establishing and perfecting a socialist democratic political system with Chinese characteristics. We must energetically strengthen the building of socialist spiritual civilization to promote a continual improvement of the entire population's ideological, moral, scientific, and cultural quality. The superiority of socialism is shown not only by its ability to greatly liberate and develop productive forces and to create a high degree of material civilization, but also by its ability to eliminate the phenomena of greediness and corruption inevitably caused by the capitalist system and other exploiting systems, to create a high degree of spiritual civilization, and to ensure all-around social progress. This is an important conclusion with far-reaching guiding significance, drawn upon by Comrade Deng Xiaoping after summing up experiences in reform and construction. Devoid of either aspect, the construction of the two civilizations cannot become socialism with Chinese characteristics.

The development of socialist spiritual civilization includes the strengthening of ideological and moral construction and scientific and cultural construction, focusing on the training of generation after generation of builders of socialism, who have ideals, a sense of morality and discipline, and general knowledge. To promote society's continuous advance of spiritual civilization and to guarantee the smooth progress of reform, opening up, and modernization construction, we must persistently conduct, among all party members and people throughout the country, ideological education on patriotism, collectivism, and socialism; education on Marxist theories, Chinese history, and the party's fine traditions; and education on public and professional ethics. We must advocate considerations for the overall situation; emphasize the style of helping others and making selfless sacrifice; and foster a firm conviction and noble sentiments as well as a scientific, healthy, and civilized lifestyle among the people. We must

on no account allow money worship, hedonism, extreme individualism, or other decadent ideas to corrode the people's spirit, pollute the prevailing atmosphere of society, or disrupt public order.

In ideological, cultural, and educational work, all enterprises and institutions engaged in the production or dissemination of spiritual products must attach primary importance to their social effect [she hui xiao yi]. Under this premise, we should stress economic efficiency and correctly combine social effect with economic efficiency to encourage more healthy spiritual products. We should by no means allow the erroneous tendency of putting money above everything else to have a harmful impact on the construction of socialist spiritual civilization, still more to allow such an erroneous tendency to spread unchecked without being criticized or stopped. Meanwhile, we must inherit and carry forward the nation's outstanding cultural traditions to vigorously enrich socialist educational, scientific, and cultural undertakings. This is a pressing demand for building socialist spiritual civilization, as well as the fundamental general guidelines for guaranteeing the rejuvenation and development of the Chinese nation and the success of socialist modernization as a whole.

The work of building a stronger socialist spiritual civilization is a major challenge for all comrades in our party. All Communist Party members and leading cadres who are loyal to the cause of China's socialist construction must attach great importance to promoting socialist spiritual construction, earnestly dedicate themselves to this cause, and make continuous efforts to push it forward. To accomplish the grandiose assignment of achieving socialist modernization in all fields, the key lies in arming the whole party with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and build our party into a stronger party. In this new international environment in which peace and development have become the two main themes of the world and all challenges and opportunities coexist and in the new domestic environment in which economic construction has become the center of all projects and all sectors are engaged in reform and opening up, it is even more necessary for us to act more consciously to uphold our nature of being the vanguards of the working class, uphold the aim of serving the people wholeheartedly, and uphold Marxism's guiding role. We must also act more consciously to uphold democratic centralism and inherit and carry forward the fine traditions and work styles which our party has developed over decades of hard struggles so that we can build our party into a strong core able to lead our socialist modernization.

To uphold and upgrade party leadership and improve the party's ruling and leading abilities, one major requirement is to make constant efforts to consolidate and strengthen our party's flesh-and-blood ties with the masses. When these ties have been established, we will have the basis for achieving our reform and construction projects, we will have the most profound sources of wisdom and strength, we will have correct decisions, and we will have the reliable guarantee for making fewer mistakes. We must improve the overall quality of cadres at all levels, especially those in leading positions. In accordance with the general policy

that our cadres must be more revolutionary, younger in average age, better educated, and professionally more competent, as well as the principle that these cadres must be ethical as well as capable, we must build all leading groups into strong leading collectives which are loyal to Marxism and which firmly adhere to the socialist course with Chinese characteristics so that our party can maintain the continuity of its line and our state can enjoy long-term stability. Meanwhile, by means of political and ideological education, we must help the vast number of party members and cadres understand that, under conditions of socialist market economy, it is of utmost importance for them to uphold the proper ideals, convictions, and values, as well as to do their jobs honestly and with self-discipline. The more our economy has developed and the better our material life has improved, the more necessary it is for us Communist Party members—and especially leading cadres—to carry forward the spirit of waging arduous struggle and serve the people wholeheartedly. Today, we are firmly launching projects fighting corruption and promoting administrative ethics, and we have had the embrace and support from the vast number of masses. Communist Party members must perform their duties honestly because this is a requirement determined by our party's nature and objectives. Corruption is essentially a product of an exploiting system and exploiting classes. However, if we fail to maintain high vigilance and firmly eliminate phenomena of corruption, they will seriously erode the ranks of party cadres, weaken our party's fighting power, jeopardize party-masses relations, and bring calamity to the country and the people. Our work to fight corruption and promote administrative ethics is an important matter having a direct bearing on the success or failure of our reform and construction. This project must be accomplished without fail, and it must go on for a long time to come!

CPC members should bear in mind that we should and must always serve as the faithful champions and protectors of the interests of people of all nationalities in China.

Comrades and friends: The history of the party and people's struggle tells us that only socialism can save and develop China, that we can only build socialism with Chinese characteristics through reform and opening up, and that only by following the road of socialism with Chinese characteristics can we independently build a modern socialist country that is prosperous, strong, democratic, and civilized. This is the most important historical truth in contemporary China. The party's first- and second-generation central leading groups—with Comrades Mao Zedong and Deng Xiaoping, respectively, at the core—contributed all their wisdom and energies to leading the party and people in exploring and practicing this truth, thereby rendering great meritorious services. This truth has historically embodied the essence of Mao Zedong Thought and Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics. We are sober-minded Marxists, who are keenly aware that we will continue to encounter great difficulties, risks, and troubles on our way forward. However, we can surmount all difficulties, weather all risks and troubles, and remain invincible as long as we work incessantly along the broad path opened up by Marxist truth.

Building a modern socialist country that is prosperous, strong, democratic, and civilized is a great ideal of Comrade Mao Zedong, his comrades-in-arms, and numerous revolutionary martyrs; the inevitable outcome of China's social development in more than 100 years; and the common aspiration of the Chinese nation. The best way to commemorate Comrade Mao Zedong is to carry on the cause initiated by him and other proletarian revolutionaries of the older generation under the guidance of the theory of building socialism with Chinese characteristics and the party's basic line. The Communists and Communist Youth League members of our time, as well as all people who are deeply dedicated to socialism and their motherland, shoulder a sacred mission and a glorious duty. To turn the grand blueprint designed by Comrade Deng Xiaoping into reality, we should first realize the second- and third-step strategic objectives during the nineties and by the middle of the next century and basically lay a solid foundation for China's modernization. We must realize, and will surely realize without a hitch, this great task that affects the future and destiny of the Chinese nation and China's socialism.

Let all comrades of the party and people of all nationalities across the country unite more closely, seize opportunities, expedite development, carry out reform, blaze new trails, work hard, and march courageously toward our established great goals.

Beijing TV Shows Beijing Rally

OW2612161193

[Editorial Report] Beijing Central Television [CCTV] Program One Network at 0055 GMT on 26 January begins live coverage of a large meeting held at the Great Hall of the People to mark the centennial of Mao Zedong, former chairman of the CPC Central Committee. Beijing Central People's Network in Mandarin also covers the meeting live at the same time.

CCTV begins its live coverage by showing a high-angle view of the stage of the hall, showing several rows of CPC leaders sitting on the stage. Behind them is a huge portrait of Mao flanked by huge red flags, five on each side, and the figures 1893 and 1993 in gold—the year Mao was born and the year of his centennial. A large red streamer hanging above the stage reads: "Meeting in Commemoration of Comrade Mao Zedong's 100th Birthday Anniversary."

As the narrator makes introductory remarks, the camera focuses on Mao's portrait, then cuts to show a red streamer on the front of the balcony in the hall. The slogan on the streamer reads: "Uphold and Develop Mao Zedong Thought, and Proceed Courageously Along the Socialist Road With Chinese Characteristics."

At 0100 GMT, the video shows medium-long shots of Jiang Zemin in a dark Mao suit, entering the hall and taking his seat. He is followed by Li Peng, Qiao Shi, Li Ruihuan, and other Chinese leaders.

At 0103 GMT, Li Peng declares the meeting open. After the national anthem is played by a military band, Li invites Jiang "to give a report."

At 0105 GMT, Jiang begins his report, filed as referent item. As Jiang begins to speak, video moves from right to left, showing close-ups of leaders seated to the left of Jiang, in the following order: Li Peng, Li Ruihuan, Liu Huaqing, Rong Yiren, Song Ping, Song Renqiong, Tian Jiyun, Li Tieying, Zou Jiahua, Qian Qichen, and Wen Jiabao. Then the camera moves slowly from left to right, showing close-ups of leaders seated to the right of Jiang, in the following order: Qiao Shi, Zhu Rongji, Hu Jintao, Yang Shangkun, Bo Yibo, Ding Guangen, Li Lanqing, Yang Baibing, and Chen Xitong. As Jiang continues his speech, video also shows close-ups of other PRC leaders and representatives reading printed copies of Jiang's speech. Also among those attending is a large group of about 200 to 300 young pioneers wearing red scarves.

After Jiang finishes his report at 0207 GMT, video shows close-ups of Li Peng, who delivers the following speech given in its entirety:

"Comrades: Comrade Jiang Zemin has just given an important report. He reviewed the great meritorious services which Comrade Mao Zedong performed during his life; summed up the outstanding contributions which Chinese communists, with Comrade Mao Zedong as the principal representative, have made toward revolution and construction; and elaborated on the great significance of Comrade Deng Xiaoping's inheritance, enrichment, and development of Mao Zedong Thought and his theory on building socialism with Chinese characteristics. The whole party, the whole Army, and people of all nationalities must earnestly study Comrade Jiang Zemin's report, and fully understand the sacred missions and glorious responsibilities which time has commissioned us. We must diligently study Marxism and Mao Zedong Thought, persist in arming our minds with Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics, and, under the leadership of the CPC Central Committee with Comrade Jiang Zemin as the core, rally more closely to speed up reform, opening up, modernization, and push forward the great cause initiated by proletarian revolutionaries of the older generation."

Li Peng declares the meeting ended at 0210 GMT.

Live coverage ends at 0213 GMT.

Leaders Attend Rally

OW2612184893 Beijing XINHUA Domestic Service in Chinese 0933 GMT 26 Dec 93

[Excerpts] Beijing, 26 Dec (XINHUA)—The CPC Central Committee, the Standing Committee of the National People's Congress, the State Council, the Central Military Commission, the National Committee of the Chinese People's Political Consultative Conference met solemnly this morning at the Great Hall of the People to mark the 100th anniversary of birth of Comrade Mao Zedong, a great Marxist, the main founder of the Communist Party of China, the People's Liberation Army of China, the People's Republic of China, and the great leader of Chinese people of all nationalities. [passage omitted]

Leading comrades also seated on the rostrum were: Ding Guangen, Tian Jiyun, Li Lanqing, Li Tieying, Yang Baibing, Zou Jiahua, Chen Xitong, Qian Qichen, Wei Jianxing, Wen Jiabao, Wang Hanbin, Yang Shangkun, Song Ping, Bo Yibo, Song Renqiong, Zhang Zhen, Ren Jianxin, Ni Zhifu, Chen Muhua, Fei Xiaotong, Sun Qimeng, Lei Jieqiong, Qin Jiwei, Li Ximing, Wang Bingqian, Wang Guangying, Cheng Siyuan, Lu Jiaxi, Buhe, Tomur Dawamat, Li Peiyao, Wu Jieping, Chi Haotian, Song Jian, Ismail Amat, Luo Gan, Zhang Siqing, Wu Xueqian, Yang Rudai, Wang Zhaoguo, Seypidin Aze, Hong Xuezhi, Deng Zhaoxiang, Zhao Puchu, Qian Weichang, Hu Sheng, Qian Zhengying, Su Buqing, Dong Yinchu, Sun Fuling, Henry Ying Tung Fok, and Ma Man Kei.

Also seated on the rostrum were Comrades Wang Ping, Wang Shoudao, Wu Xiuquan, Liu Lantao, Jia Hua, Li Desheng, Yang Dezhi, Xiao Ke, Zhang Jingfu, Chen Xilian, Duan Junyi, Geng Biao, Huang Hua, Huang Huoqing, Peng Chong, Liao Hansheng, Yan Jici, Yang Yichen, Zheng Tianxiang, Liu Fuzhi, Yang Chengwu, Ma Wenrui, and Wang Enmao; leaders of central party, government, and military organs, Beijing City, the democratic parties, the All-China Federation of Industry and Commerce, and mass organizations; and representatives of veteran comrades.

Representatives of Comrade Mao Zedong's relatives were also invited to sit on the rostrum.

Over 10,000 people from all walks of life in the capital attended today's rally.

After the rally, leaders who attended at the rally went to the Chairman Mao Memorial Hall to pay their respects to the remains of Comrade Mao Zedong.

Leaders Pay 'Tribute' to Remains

OW2612085993 Beijing XINHUA in English 0832 GMT 26 Dec 93

[By Zhou Zongmin]

[Text] Beijing, December 26 (XINHUA)—Chinese Communist Party and government leaders today joined about 10,000 people in paying tribute to the remains of Chairman Mao Zedong on the centenary of his birth.

At 10:30 a.m., Jiang Zemin, Li Peng, Qiao Shi, Li Ruihuan, Zhu Rongji, Liu Huaqing, Hu Jintao and Rong Yiren arrived at Chairman Mao's memorial hall here which faces the Tiananmen rostrum to the north.

The leaders made three deep bows in front of a three-meter marble statue of the late chairman. Then they filed into the central chamber, in silent tribute to the principal founder of the people's republic and walked past his remains lying in a crystal sarcophagus.

Flowers and potted cypress and pine trees surround the sarcophagus. In front of the statue there were flower baskets from the Chinese Communist Party Central Committee, the National People's Congress Standing Committee, the State Council, the Central Military Commission and the national committee of the Chinese People's Political Consultative Conference.

The late chairman's children and other relatives, including son Mao Anqing, daughter Li Na and daughter-in-law Shao Hua, bowed repeatedly to the remains.

Construction of the memorial hall was completed on September 9, 1977, the first anniversary of Chairman Mao's death. Since then, it has received 85.5 million visitors, including 270 state and government heads and other dignitaries from 155 countries.

People streamed into the hall today to pay their respects to the late chairman. Many had specially come from other parts of China.

"Chairman Mao was the people's liberator and will live in the hearts of the people forever," said Xiao Yang, governor of Sichuan Province, who was involved in the building of the memorial hall.

National Symposium Opens in Beijing

OW2612095793 Beijing XINHUA in English 0927 GMT
26 Dec 93

[Text] Beijing, December 26 (XINHUA)—A five-day national symposium on the life and thought of Mao Zedong opened here today, on the 100th anniversary of the late chairman's birth.

About 500 scholars, professors, government and Communist Party officials and army officers from around the country attended the meeting, which was an important part of the commemorative activities.

It was organized by five departments—the Propaganda Department, the Literature Research Center, the Party History Research Center, the Party School and the General Political Department of the People's Liberation Army.

Ding Guangen, Political Bureau member of the Chinese Communist Party and head of the Propaganda Department, opened the symposium.

In his opening remarks, Ding said that the theme of the meeting was "persisting in and developing Mao Zedong Thought and guiding our work with Deng Xiaoping's theory of building socialism with Chinese characteristics."

In his speech to the meeting, Bo Yibo, a veteran revolutionary and a former senior party leader, recalled the history of the Chinese Communist Party led by Mao Zedong in the country's democratic revolution.

"The Chinese Communists led by Mao Zedong, combining Marxism with China's reality, independently pioneered the Chinese revolutionary road and theory and achieved the victory of the democratic revolution," he said.

"The party Central Committee led by Mao Zedong creatively opened the road of socialist transformation suited to China's special conditions and successfully solved the problem of establishing the socialist system in China," he said.

While praising many of Mao's important ideas in the course of searching for the road for building socialism which have long-term guiding significance, Bo in his speech also analysed Mao's mistakes in the two decades between 1957 and 1976.

Bo called on scholars and researchers to concentrate their study on Mao's spirit of seeking truth from facts in integrating the fundamental principles of Marxism and Leninism with China's concrete reality.

"This will help to study and publicize Deng Xiaoping's theory of building socialism with Chinese characteristics," he said, adding that it would also speed up the reform and opening process as well as the development of the country's economy.

Qian Qichen, vice-premier and minister of foreign affairs, said that as a great international strategist of the world Mao performed splendid, meritorious deeds in shaping the strategies and policies for New China's diplomacy.

He said that Mao, whose great ideal was to promote a common advancement for mankind, had correctly integrated patriotism with internationalism. Based on this, Mao inaugurated a new socialist diplomacy with Chinese characteristics.

Qian said that, as the international situation and world structure experienced a fundamental change, Deng Xiaoping inherited and developed Mao's thought on diplomacy and, based on new diplomatic practice, created a socialist diplomatic theory and policy with Chinese characteristics.

Hu Sheng, president of the Chinese Academy of Social Sciences, said that Mao was a man who adapted Marxism to China's reality, a man who never had blind faith in anything. Resisting all pressures, he independently explored the way for the Chinese revolution and construction.

Hu especially praised Mao's courage in seeking truth. "Mao has done two great deeds," he said. "One is that, as a great leader with creativity, Mao found a correct way for the democratic revolution, and he led the revolution to its victory. The other is that Mao was the first great leader who proposed to explore an independent way of constructing socialism with Chinese characteristics."

"Although in the later part of his life Mao Zedong experienced many twists and turns and made a grave mistake in launching the 'Cultural Revolution' in the process of finding a road of building China's socialism, history will not forget his great deeds and his pioneering spirit of exploration," Hu said.

The five-day symposium has received 112 theses, which were chosen from more than 4,000 nationwide. Major subjects at the seminar will include "Sinicize Marxism", "Mao Zedong's Philosophy", "Mao Zedong's Military Thought", "Mao Zedong's Cultural Thought", "Mao Zedong's Theory of Party Construction", "Mao Zedong's Exploration of Socialism", "Mao Zedong's Theory on United Front Work and Nationalities", and "The Inheritance and Development of Mao Zedong Thought by Deng Xiaoping".

Media Comments on Mao Zedong's Centenary**RENMIN RIBAO Runs Editorial**

OW2512133993 Beijing XINHUA Domestic Service in Chinese 0953 GMT 25 Dec 93

[RENMIN RIBAO 26 December editorial: "Uphold and Develop Mao Zedong Thought—Commemorating the Centenary of Comrade Mao Zedong's Birth"]

[Text] Beijing, 25 Dec (XINHUA)—Today is the centenary of Comrade Mao Zedong's birth. With deep feeling, the whole party, the whole Army, and the people of all nationalities across the country are commemorating Comrade Mao Zedong, a great Marxist and a great proletarian revolutionary, strategist, and theorist.

Modern China was a very poor and weak country subject to all kinds of humiliation. Led by the CPC with Comrade Mao Zedong as the core, the Chinese people have stood up. In the long years of revolutionary struggle, Comrade Mao Zedong has made indelible contributions to the founding and development of our party and our Army, to the cause of liberation of the people of all nationalities, to the PRC's founding, and to the development of the cause of socialism. He also made great contributions to the peace and progress of the human race. He is respected and loved by the whole party, the whole Army, and the people of all nationalities in the country.

Comrade Mao Zedong's most important contribution is Mao Zedong Thought, which he and his comrades in arms created in the long years of revolutionary struggle by integrating the basic tenets of Marxism-Leninism with the concrete practice [of revolution] in China. In line with the realities in China, Comrade Mao Zedong creatively forwarded a series of guiding thoughts and theoretical principles for conducting revolution in China, a huge semicolonial and semifeudal country in the East. The tremendous might of Mao Zedong Thought and the inexhaustible ideological strength it has given to revolutionaries and [nation] builders have been verified again and again in practice. The basic tenets expounded by Mao Zedong Thought still shine with radiance even now. The idea of seeking truth from facts and of integrating theory with practice; the idea that the CPC is the core of leadership of the people of the whole country and that only socialism can save China; the idea of establishing and consolidating a republic of the people's democratic dictatorship; the idea of correctly handling contradictions among the people, bringing all positive factors into play, uniting with all forces that can be united with, and establishing a great and strong socialist country; the idea of establishing and developing a patriotic united front; the idea of maintaining independence and keeping the initiative in our own hands, relying on our own efforts, working hard, making unremitting efforts to strengthen ourselves, and standing on our own feet in the family of nations in the world; the idea of serving the people wholeheartedly and strengthening party building in an all-round way; the idea about a people's army and a people's way; and so on and so forth are very valuable theoretical assets of the CPC and the people throughout the country. The CPC has been able to take deep root among the masses precisely because it is armed

with the great Mao Zedong Thought. Because of this, scientific socialism has been able to take deep root in China's social practice. Mao Zedong Thought has educated several generations of communists and has guided them in understanding new situations, solving new problems, opening up new prospects, and winning new victories in the practice of revolution and construction.

The reform, opening up, and modernization drive our party has introduced since the Third Plenary Session of the 11th CPC Central Committee mark a new page in the annals of contemporary China. This great and entirely new undertaking is a continuation and development of the cause which Comrade Mao Zedong and other revolutionaries of the older generation could not finish, and also means the upholding and development of Mao Zedong Thought. Comrade Deng Xiaoping has said: "In many ways, we are doing what Comrade Mao Zedong proposed to do but was not able to do; correcting what he wrongly opposed; and doing what he did not do well. We will be doing this for a relatively long time to come. Of course, we have made advances, and we will continue to make advances." In line with the reality of present-day China, Comrade Deng Xiaoping, applying the basic tenets of Marxism, founded the theory of building socialism with Chinese characteristics, thus answering a series of the most urgent fundamental questions of building, consolidating, and developing socialism in China, a fairly backward country economically and culturally. This theoretical system, which covers very important aspects [fang mian 2455 7240] including the development path of socialism in China; the development stage of socialism in China; the basic tasks for development of socialism in China; the motive force for its development; the external conditions, political guarantee, strategic steps, leadership, and the force to rely on for its development in China; as well as important guiding principles for the reunification of the motherland, has greatly enriched and developed Marxism-Leninism-Mao Zedong Thought because it gives a creative theoretical summarization of these guiding principles. Practice in reform, opening up to the outside world, and the socialist modernization drive over the past 15 years has proven that Deng Xiaoping's theory of building socialism with Chinese characteristics is a most powerful ideological weapon guiding China forward to being a prosperous and strong country and that it is Marxism in contemporary China. Comrade Deng Xiaoping has set a brilliant example for us to uphold and develop Mao Zedong Thought.

At present, under the leadership of the party central committee with Comrade Jiang Zemin as the core, the people of all nationalities in China are going all out to push forward reform, opening up, and the socialist modernization drive and are advancing toward the 21st century in line with the great blueprint of "advancing in three steps." Today, as we commemorate the centenary of Comrade Mao Zedong's birth, reviewing his great contributions and studying his brilliant thought, the best action we can take is to uphold and develop Mao Zedong Thought; to take Deng Xiaoping's theory of building socialism with Chinese characteristics as a guide; to adhere to the party's basic line of "one center, two basic points"; to strive to fulfill the tasks set by the party's 14th national congress; and to build

our great motherland into a strong, prosperous, democratic, and civilized socialist country.

Seven years remain before the coming of the 21st century. The first light of the new century has emerged over the horizon and is beckoning us. Looking forward to the future, we are deeply aware that time is pressing and that our responsibility is heavy. The whole party and the people of all nationalities in the country must unite as one, work hard, seize the opportunities, accelerate development, work hard to carry out reform, advance by forging ahead, and work unrelentingly to fulfill the great ideal of invigorating the Chinese nation.

'Analysis' on 'Factional Struggle'

HK2412032293 Hong Kong SOUTH CHINA MORNING POST in English 24 Dec 93 p 6

["Analysis" by Wang Ying, a "Marxist Scholar at a Mainland University"]

[Text] A ferocious factional struggle has underpinned the celebrations of the Mao centenary, with the Deng Xiaoping faction gaining the upper hand. For the party's conservative wing, the Mao-related festivities are a god-sent opportunity to fly the flag of orthodox Marxism.

The theme of galas and academic conferences organised by the remnant Maoists is that Mao's teachings remain the guiding principle for the nation, and that Mr. Deng's ideas are but offshoots of Mao Thought. The central leadership, however, has decided that in the media and public functions, a 60-40 split be observed between efforts to glorify the achievements of Mr. Deng and those of the Great Helmsman.

The ruling faction in the party has made the point that the best way to celebrate Mao is to implement the edicts of Mr. Deng, which have lifted Mao Thought to a higher plane. Such an emphasis has aroused resentment in pockets of Maoism, including Hunan and Hubei provinces. Indeed, even the average cadre feels confused about seeking the right balance between the Mao and the Deng campaigns.

The Central Committee has issued numerous documents to units nationwide on the "diligent study" of the Third Volume of Mr. Deng's Selected Works, published last November.

To prevent the Mao festivities from upstaging the campaign to learn from Mr. Deng, many cadres organising the former decided to concentrate on the less controversial aspects of Mao's achievements. For example, quite a number of the celebrations and academic conferences on Mao Thought played up non-contentious issues such as Mao's contributions to winning the war against the Japanese or the Kuomintang. They have steered clear of weightier questions like the late chairman's historical standing or the assessment of the "correctness" of Mao Thought.

Moreover, a number of publications concentrated on the younger days of the Great Helmsman. For most officials, to highlight the aberrations of Mao, such as his errors during the Cultural Revolution, would dampen the enthusiasm of the centenary festivities. Yet to emphasise his

"lasting contributions to socialism" would jar with the eulogies which are being heaped on Mr. Deng and Deng Thought.

Intellectuals in Beijing think this could be the very last time that Mao receives so much attention in the media. After all, Deng Thought has on a de facto basis replaced Mao Thought as the national creed.

'Commentary' Recalls Mao's 'Legacy'

HK2412043093 Beijing CHINA DAILY in English 24 Dec 93 p 4

[Commentary: "Mao's Legacy"]

[Text] The 100th anniversary of Mao Zedong's birth falls on December 26.

The enthusiasm with which the Chinese people are taking part in the commemorative activities indicates his memory is still widely revered.

Mao was a genius at devising revolutionary strategy.

In 1927, when China's revolution was surging northwards, Chiang Kai-shek suddenly torpedoed the Kuomintang-Communist united front and began to butcher every Communist he could lay his hands on. The Chinese revolution suffered a disastrous setback and the Communist Party, then in its infancy, all but perished.

It was Mao and his comrades, such as Zhou Enlai and Zhu De, who saved the revolution and the Communist Party by staging armed uprisings and keeping the red star shining over China.

Integrating the universal truth of Marxism with the concrete practice of the Chinese revolution, Mao and his comrades hammered out a system of theories, commonly known as Mao Zedong Thought.

Summing up the rich experience of the revolution—both its successes and failures—Mao reckoned the united front, armed struggle and Party building as the three "magic weapons" in fighting the enemy.

In only 22 years, wielding these three weapons, Mao led the Party and the Chinese people to defeat inner-Party opportunists of all descriptions, ferocious Japanese aggressors and powerful domestic reactionaries, headed by Chiang Kai-shek, to found the People's Republic in 1949.

Clearly he should be accorded the largest share of the credit for the quick and complete success of the Chinese democratic revolution; that is, the overthrow of the feudalism, imperialism and bureaucratic capitalism in China.

It is correct to assert that, but for Mao, China's revolutionaries might still be groping in the dark.

After liberation, Mao took measures to consolidate the newborn political power of the people and led the whole nation in economic construction.

Meanwhile, he refused to let China become a vassal state of any big power in the world, despite overwhelming pressure. He upheld China's independence and its dignity and pride as a great nation.

However, Mao was a human, not a god. In exploring the right path of building socialism in China, he also made blunders. The Great Leap Forward in late 1950s and the 10-year-long "cultural revolution," both of which he masterminded and launched, brought misery and havoc to the whole nation.

Nevertheless, Mao deserves a niche in the temple of the world's titans because of the indelible mark he left on Chinese and world history.

Deng Xiaoping has inherited Mao Zedong Thought and enriched it.

As Deng points out, the essence of Mao's thought is "seeking truth from facts." Based on this concept, Deng has mapped out a series of policies for reform and opening China up to the outside world.

Well-suited to China's reality, these policies have yielded remarkable results in every field in the last 15 years and brought China well on its way to socialism with Chinese characteristics.

In other words, Mao's unfinished cause is being carried on with honour. In marking Mao's centenary, this is indeed the best tribute to his memory.

Media Reports on Activities

OW2212142493

[Editorial Report] Following is a roundup of reports carried by PRC central and regional media from 7-21 December 1993 on events held to mark Mao Zedong's birth centenary:

Beijing XINHUA Domestic Service in Chinese at 0853 GMT on 7 December transmits an 880-character report on a discussion meeting held on 7 December by personages from Beijing's science-and- technology, education, and cultural circles to mark Comrade Mao Zedong's birth centenary. Among the participants who recalled Chairman Mao's great achievements were Sun Qimeng, vice chairman of the National People's Congress [NPC] Standing Committee, who "reviewed how Chairman Mao's theory of multiparty cooperation contributed to the development of Chinese society;" and Qian Zhengying, vice chairman of the National Committee of the Chinese People's Political Consultative Conference, who said "the quintessence of Mao Zedong thought is in seeking truth from facts." Fei Xiaotong, NPC Standing Committee vice chairman, attended the meeting.

Lhasa XIZANG RIBAO in Chinese on 8 December carries on page four a 7,500-character article by Wu Jianli [0702 0256 4409], from the Tibet Autonomous Regional Economic Research Center, entitled "Comrade Mao Zedong and Tibet's Economic Development." "Written in memory of the great teacher Comrade Mao Zedong, this article reviews and studies various instructions issued by Comrade Mao Zedong during the 1950's on Tibet's economic construction, and discusses the preliminary understanding gained from the study." The article noted how Comrade Mao Zedong "overthrew feudal serfdom; liberated millions of serfs and slaves; and laid a solid foundation for the development of political, economic, and

cultural undertakings in Tibet." It also said: "Today the guiding thought on Tibet's economy, issued by Comrade Mao Zedong 40 years ago, still has guiding significance."

Beijing XINHUA Domestic Service in Chinese at 1425 GMT on 15 December transmits a 423-character report on a photo exhibition held in Tokyo on 15 December to mark Mao Zedong's birth centenary. "Tsutomu Hata, Japanese deputy prime minister and foreign minister, cabled a congratulatory message to the exhibition. He wished the Japan-China friendship will be further strengthened and developed." At the opening ceremony, Chinese Ambassador to Japan Xu Dunxin said: "Mao Zedong paid great attention to the Sino-Japanese relationship. Together with men of insight from the older generation from both countries, he initiated a new phase in Sino-Japanese friendship and laid a solid foundation of good-neighborliness and friendship for generations of Chinese and Japanese." Former Japanese Chief Cabinet Secretary Susumu Nikaido as well as Makiko, daughter of former Japanese Prime Minister Kakuei Tanaka, attended the ceremony.

Beijing XINHUA Domestic Service in Chinese at 0014 GMT on 18 December transmits a 379-character report on the publication of a large picture album by the Central Literature Publishing House entitled "Mao Zedong." The large picture album vividly portrays the life of Mao Zedong and highlights his revolutionary achievements.

Urumqi Xinjiang Television Network in Mandarin at 1330 GMT on 18 December carries a one-minute report on a discussion meeting held on 18 December by the Xinjiang Uygur Autonomous Region's literary and art circles to mark Mao Zedong's birth centenary. Participants noted that Mao Zedong's thought on literature and art is an important part of Mao Zedong thought, and that "generations of literary and art workers of all nationalities in Xinjiang grew up under the direct nurture of Mao Zedong Thought."

Beijing XINHUA Domestic Service in Chinese at 2206 GMT on 18 December transmits a 1536-character item on education, science, and cultural briefs. One of them is about a symposium on Mao Zedong's thought on education, and another is about the publication of a book entitled "The 18 Trips Made by Mao Zedong to Shandong." Zhu Kaixuan, minister in charge of the State Education Commission, addressed the symposium which was recently hosted in Beijing. Zhu pointed out that "the core of Mao Zedong's thought on education is to train people—to train qualified, talented persons and successors to the cause of Chinese revolution and socialist construction."

"The 18 Trips Made by Mao Zedong to Shandong" was published recently by the Shandong Pictorial Publishing House to mark Comrade Mao Zedong's birth centenary. The book documents the historical facts on the 18 trips made by Comrade Mao Zedong to Shandong.

Beijing XINHUA Domestic Service in Chinese at 1357 GMT on 19 December transmits a report on an exhibition entitled "Mao Zedong's Glorious Military Achievements" which opened at a military museum on 19 December. Liu Huaqing, member of the CPC Central Committee Political Bureau Standing Committee and deputy chairman of the

Central Military Commission; Zhang Zhen, deputy chairman of the Central Military Commission; and Chi Haotian, Zhang Wannian, and Fu Quanyou, members of the Central Military Commission, attended the opening ceremony. Yu Yongbo, Central Military Commission member and director of the General Political Department, delivered an opening speech. He praised Mao Zedong's military thought, saying: "Comrade Deng Xiaoping made important contributions to the formation of Mao Zedong thought."

Beijing XINHUA Domestic Service in Chinese at 0533 GMT on 19 December transmits a 1859-character article describing the exhibition on Mao Zedong's glorious military achievements at a military museum. Among the exhibits were a statue of Mao Zedong as well as excerpts of speeches delivered by Deng Xiaoping at various Central Military Commission plenary sessions and enlarged sessions. The last part of the exhibition showed how the People's Liberation Army inherits and carries forward Mao Zedong's military thought under the leadership of the party Central Committee and the Central Military Commission with Jiang Zemin at the core.

Beijing XINHUA Domestic Service in Chinese at 0916 GMT on 19 December transmits a 1277-character report on activities held around China to mark Comrade Mao Zedong's birth centenary. Among others, the report notes that Hu Sheng and Deng Liqun attended a forum in Beijing on 19 December to introduce a series of publications to mark Mao Zedong's birth centenary, and the Hunan Publishing House recently published a book "A Documentary on Mao Zedong's Trip Back to Hunan."

Beijing XINHUA Domestic Service in Chinese at 1039 GMT on 20 December transmits a 462-character report on a forum held on 20 December by figures from the national defense science and technology circles to mark Mao Zedong's birth centenary. Liu Huaqing, Standing Committee member of the CPC Central Committee Political Bureau, delivered a speech hailing Comrade Mao Zedong as "the founder of New China's national defense science and technology."

Beijing XINHUA Domestic Service in Chinese at 0850 GMT on 20 December transmits a 442-character report on a symposium entitled "Mao Zedong Thought and Women's Liberation" held in Beijing on 20 December by the All-China Women's Federation. Comrades at the meeting discussed characteristics of Mao Zedong's thought on women's liberation.

Urumqi Xinjiang Television Network in Mandarin at 1330 GMT on 21 December carries an 1.5-minute report on a discussion meeting held for nonparty personages on 20 December by the Xinjiang Uygur Autonomous Regional Party Committee's United Front Work department to mark Mao Zedong's birth centenary. Zhang Fusen, deputy secretary of the autonomous regional party committee, attended the meeting.

Deng Reportedly Visited Shanghai in Dec

HK2412025293 Hong Kong SOUTH CHINA MORNING POST in English 24 Dec 93 p 1

[By Willy Wo-lap Lam]

[Text] Chinese patriarch Deng Xiaoping paid a visit to Shanghai this month, a sign that the 89-year-old's health is still holding up.

Chinese sources said that while in the east China metropolis the patriarch praised the city's achievements over the past three years and vowed to continue to give his support to fast paced reforms and growth. Mr. Deng, however, also expressed anxiety over "regionalism" and other problems, and he indicated the central authorities must re-establish their authority.

Last week the patriarch was briefed on the city's latest developments from party secretary Wu Bangguo and other officials. It is believed that President Jiang Zemin also paid a brief visit to Shanghai to brief Mr. Deng.

According to the sources, Mr. Deng expressed satisfaction that Shanghai had lived up to his instruction of "achieving a small change every year and a major change every three years". The patriarch indicated the city should march ahead with financial and other reforms, and that "all obstacles to reform should be removed".

However, in a reference to opposition by various localities to the recently introduced "dual tax system", Mr. Deng expressed worries about the rise of regionalism.

Mr. Deng apparently returned to Beijing this week and according to official press reports, he "took part" in local legislative elections on Wednesday. Some Chinese journalists indicated in private yesterday that the patriarch had merely voted by proxy.

It is understood that the Deng household had vetoed television coverage of his activities because he had difficulty walking without aid and that he looked much more frail than when he appeared in public in Shanghai in January this year.

Li Peng Tells Magazine of Return to Health

OW2412123393 Tokyo KYODO in English 1154 GMT 24 Dec 93

[Text] Beijing, Dec. 24 KYODO—Chinese Premier Li Peng said he has completely recovered from an April heart attack and fully resumed his duties as prime minister, sending signals that he does not intend to step down from his post anytime soon.

Speaking in an interview with China's TALENTS magazine, to be published January 1, Li said he was stricken with the heart attack while playing tennis with Singaporean Premier Goh Chok-tong in Shanghai during late April, after having already caught a cold.

"Since I hadn't played tennis for some time, I used up a lot of my physical strength and my cold became worse. Then I began to feel pain in my chest and back," the premier said in the interview, obtained by KYODO NEWS SERVICE.

"On April 25, after undergoing a checkup at the hospital and finding I had a heart problem, I was immediately and meticulously treated and the condition of my heart quickly stabilized," Li said.

Li said he was healthy enough to meet with Malaysian Prime Minister Mohamed Mahathir on June 13 and with Australian Prime Minister Paul Keating on June 24.

"I wanted to work, but the doctors said that effects of the treatment should be consolidated, so in August I went to Beidaihe (a seaside resort southeast of Beijing) to recuperate for a month. From September I began working part time and I had resumed my normal work load by October," he said.

Li also said he often works nights, even though his doctors advise against it.

The interview also included Li's first public denial of widespread rumors that he was involved in one of China's largest financial scandals, while also revealing his and his wife's salaries, which total about 1,100 yuan (190 dollars) a month.

The interview is a strong indication that Li Peng hopes to continue as premier after next March's National People's Congress, despite several rumors that he would be stepping down due to unpopularity and to health reasons, a Beijing-based diplomat said.

"It also shows that he is ready to counter any allegations concerning his health and his alleged connections with corrupt officials," he said.

The interview, which was given November 26, was supplemented with a detailed agenda of the premier's official activities between his heart attack and the end of August when he officially resumed his duties on a part-time basis.

Qiao Shi Writes Inscriptions for Ice-Snow Festival

SK2312114493 Harbin Heilongjiang People's Radio Network in Mandarin 2200 GMT 22 Dec 93

[Text] Qian Shi, member of the Standing Committee of the Political Bureau of the CPC Central Committee, and chairman of the National People's Congress Standing Committee, recently wrote an inscription for the 10th Harbin Ice-Snow Festival, which reads: Spread the Chinese national culture through the art of ice sculptures and display the spirit, style and features of the people.

Rong Yiren, Li Lanqing Present Teachers' Awards

OW2712134793 Beijing XINHUA in English 1322 GMT 27 Dec 93

[Text] Beijing, December 27 (XINHUA)—One thousand outstanding teachers from China's normal universities today received awards here for their performance, given by the Tsang Hinchu Education Foundation.

Chinese Vice-President Rong Yiren and Vice-Premier Li Lanqing presided over the ceremony and presented the prizes.

The foundation was jointly set up by the State Education Commission and Tsang Hinchu, a prominent Hong Kong entrepreneur who last year donated 100 million Hong Kong dollars for the Mainland Educational Foundation.

Today was the foundation's first prize-giving for educators who do outstanding work at teachers' colleges. A thousand from all parts of China were honored.

More than 300 people from around the country, including some prize-winners and local education officials, were present at the ceremony. Tsang Hinchu delivered a speech at the ceremony.

Tao Siju Greets New Armed Police Major Generals

OW2412043493 Beijing XINHUA Domestic Service in Chinese 1031 GMT 23 Dec 93

[By reporter Gai Jindong (5556 6855 2539)]

[Text] Beijing, 23 Dec (XINHUA)—At a ceremony held in Beijing today, the Ministry of Public Security announced the promotion of Sun Zhongguo and 11 other comrades to the armed police rank of major general in accordance with an order issued by the State Council and Central Military Commission.

The following officers were promoted from the armed police rank of senior colonel to the rank of major general: Sun Zhongguo, commandant of the Armed Police Academy; Meng Zhende, deputy chief of staff of the Armed Police Force and commander of the Beijing Municipal Armed Police Corps; Huan Zhenbang, deputy director of the Political Department of the Armed Police Force; Zhang Zhihua, deputy director of the Logistics Department of the Armed Police Force; Zhu Xinjia, full-time deputy secretary of the Discipline-inspection Commission of the Armed Police Force; Liu Dianyu, director of the Frontier Guard Bureau of the Ministry of Public Security; Liu Liangshun, deputy commandant of the Armed Police Academy; Jiang Zhi and Yan Yunnan, deputy directors of the Gold Mining Industry Command [huang ji zhi hui bu 7806 6855 2172 2264 6752] of the Armed Police Force; Li Kezhong, director of the Political Department of the Hydroelectric Power Industry Command [shui dian zhi hui bu 3055 7193 2172 2264 6752] of the Armed Police Force; and Zhang Zhu, political commissar of the Tibet Autonomous Regional Armed Police Corps. The armed police rank of major general was conferred on Liu Shipu, director of the Fire Fighting Bureau of the Ministry of Public Security.

Lieutenant General Ba Zhongtan, member of the party committee of the Ministry of Public Security and commander of the Armed Police Force, presided over the ceremony. Tian Qiyu, vice minister of public security, read the State Council and Central Military Commission order.

Chief Police Commissioner [zong jing jian 4920 6226 4148] Tao Siju, minister of public security and first political commissar of the Armed Police Force, extended his warm congratulations to the promoted comrades on behalf of the party committee of the Ministry of Public Security. He called on the 12 comrades to resolutely implement the instructions and orders of the Party Central Committee, State Council and Central Military Commission; conscientiously accept the leadership of the party committees, governments, and public security organs at various levels; be modest and prudent; treasure the honor

of being armed police; inherit and carry forward the fine traditions of the CPC and the People's Liberation Army; and strive to build the armed police into a force of iron and steel which is politically qualified and militarily tough, and has a good work style, strict discipline, and effective logistic support.

CHINA DAILY Reports on Beijing Elections

HK2412075093 Beijing CHINA DAILY in English 23 Dec 93 p 1

[By staff reporter Hong Xia: "Beijingers Cast Ballots in Deputies Elections"]

[Text] Chinese President Jiang Zemin joined local voters to elect deputies of Beijing's district, county and township people's congresses yesterday at a ballot station in Zhongnanhai, headquarters of the Chinese Communist Party and the Government.

Premier Li Peng, away from the capital on an inspection tour, called twice to delegate State Council Secretary-General Luo Gan to cast a ballot on his behalf.

Senior leader Deng Xiaoping also cast his vote, according to a Xinhua report.

Qiao Shi, Chairman of the Standing Committee of the National People's Congress, voted at the Great Hall of the People with committee staff.

"I'm happy to cast my vote to exercise my political rights as a citizen," Qiao said. "Successful local elections mean that elections at higher levels will be successful".

More than 4.8 million voters in the capital's nine districts cast their ballots yesterday.

Voters in the other nine districts and counties will go to the polls next Monday and Tuesday.

The terms of present congress deputies expire in February. New deputies must be elected by the end of December.

According to the Constitution, local congresses at district and county levels, as well as provincial and national congresses, serve a term of five years. The terms of township congresses run three years.

"I treasure voting very much, since it is the first time for me to enjoy the election right," said Yin Yanchun, a 20-year-old student in the China Foreign Economic and Trade University in Chaoyang District.

She said she voted for the professor from her department. "I think he is more capable than the other one and can represent us better," she said. Many other students and teachers in the school shared her enthusiasm.

Candidates in some election districts met voters directly or through closed-circuit television.

Some voters paid little attention to the election. "I know little about the candidates. It's hard to judge their real capabilities only through the resume posters," said a worker in a small factory.

Nearly 90 per cent of the 3,876 candidates in the nine districts were nominated by more than 10 voters. The others were nominated by political parties and organizations.

Citizens 18 years old or older have the right to vote. China's Election Law was enacted in 1953. Since it was amended in 1979, direct elections have been expanded from the township level to the county level.

NPC Standing Committee Session Continues

Jiang Submits Draft on Army Security

OW2112043993 Beijing XINHUA Domestic Service in Chinese 0528 GMT 20 Dec 93

[Text] Beijing, 20 Dec (XINHUA)—Jiang Zemin, chairman of the Central Military Commission [CMC], today submitted to the Fifth Standing Committee Session of the Eighth National People's Congress the CMC's motion for the draft decision on relevant issues concerning the right of the Army's security departments to conduct investigations of criminal cases. In the motion, Jiang Zemin stated that to provide to the Army's security departments through state legislation the right to conduct investigations of criminal cases, the General Political Department [GPD] has drafted the decision on relevant issues concerning the right by the Army's security departments to conduct investigations of criminal cases. The draft decision has been approved by the CMC Standing Committee after deliberations.

On behalf of the CMC, Yu Yongbo, member of the CMC and director of the GPD, gave an explanation of the draft decision today.

Yu Yongbo said: While setting up the Public Security Ministry shortly after the Republic's founding, the state formed, under the ministry, an Armed Force Security Bureau to be in charge of security in the military and to exercise, within the scope of the law, the rights of investigation exercised by public security departments. In April 1950, the Armed Force Security Bureau was placed under the joint control of the GPD and the Public Security Ministry. Under the GPD, it was called the Security Department and functioned as a GPD unit responsible for security throughout the military. In 1965, this GPD Security Department was organizationally placed under the sole authority of the GPD. This armed force security department later underwent several organizational adjustments, but it has always preserved its sound system and executed its functions of dealing with crimes within the military to keep the Army's ranks pure and disciplined.

He said: In light of the historical evolution of Army security work, security departments are, in addition to preventing crimes in the Army, also responsible for the investigation of criminal cases. Army security departments investigate criminal cases within the Army, mostly crimes committed by active servicemen, staff members, and other employees on the regular payroll, as well as crimes that take place in the barracks. Jurisdiction over crimes involving both the military and the locality will continue to be handled in accordance with the relevant state regulations. By nature, this work is entirely different from the

internal security work of locally run mining and industrial enterprises and establishments; rather, it is similar to the investigative work of public security departments. In actuality, Army security departments have always maintained a close working relationship with public security departments, and they have consulted the public security departments' documents and plans for investigative work and implemented them in light of the actual conditions in the military. Therefore, the functions of investigative work of Army security departments and public security departments are alike.

Yu Yongbo said: Chinese laws on the book lack clear provisions on Army security departments exercising the rights of public security departments in conducting investigations of criminal cases. Along with the development of the state's legal system and the growing awareness of legality among the citizens over the years, the lack of clear state legislation on Army security departments' rights to conduct investigations of criminal cases has become increasingly conspicuous, thereby creating many difficulties in their work. It is therefore necessary to have clear legislation on the right of Army security departments to conduct investigations of criminal cases.

Draft Foreign Trade Law Discussed

OW2512095393 Beijing XINHUA in English 0836 GMT 25 Dec 93

[Text] Beijing, December 25 (XINHUA)—China's legislators said today that the draft Foreign Trade Law, which provides for a free foreign trade system under tight administration, should be passed soon.

They were speaking today at the current Fifth Session of the Standing Committee of the National People's Congress (NPC) which began on Monday [20 December].

Li Yining, deputy director of the Law Committee of the NPC and a member of the NPC Standing Committee, said it was necessary to create the Foreign Trade Law.

"It will promote China's foreign trade and accelerate the country's economic progress, as well as prepare for China's re-entry to the General Agreement on Tariffs and Trade," Li said.

Cai Cheng, another member of the NPC Standing Committee, said that foreign trade enterprises should be free to transact business, but they must meet certain government requirements to obtain the right to engage in foreign trade.

"This will ensure the healthy development of China's foreign trade and avoid chaos," Cai noted.

He also proposed that the law should state that the Chinese government maintains macro-control over foreign trade in terms of categories, volume, specification and quality of goods, and by means of pricing and taxation.

Cai suggested that the local governments should also have control over foreign trade business in their own region in line with the central government's foreign trade policies.

Zhou Zhan'ao, another member of the NPC Standing Committee, said the law should include strict control over

the quality of goods. There should be a ban on exporting or importing below-standard products, Zhou stressed.

Another legislator, Xie Tieli, said that the Foreign Trade Law should also cover cultural products such as films, videos and books.

Qiao Shi, Others Attend Meeting

OW2712114493 Beijing XINHUA Domestic Service in Chinese 0815 GMT 27 Dec 93

[Text] Beijing, 27 Dec (XINHUA)—The Fifth Session of the Eighth National People's Congress [NPC] Standing Committee held a plenary session this morning.

Ni Zhifu, vice chairman of the NPC Standing Committee, chaired the session. NPC Standing Committee Chairman Qiao Shi; Vice Chairmen Wang Hanbin, Chen Muhua, Fei Xiaotong, Sun Qimeng, Lei Jieqiong, Qin Jiwei, Li Ximing, Wang Bingqian, Wang Guangying, Cheng Siyuan, Lu Jiayi, Behe, Tomur Dawamat, Li Peiyao, and Wu Jieping; and Secretary General Cao Zhi attended. Zou Jiahua, vice premier; Ma Yuan, vice president of the Supreme People's Court; and Zhang Siping, procurator general of the Supreme People's Procuratorate, attended the meeting as observers.

The session heard a report by Wu Yi, minister of foreign trade and economic cooperation, on the development of economic cooperation and trade with foreign countries; a report by Jiang Zhuping, deputy director of the Civil Aviation Administration of China, on measures civil airlines have taken to improve their security; and a report by Wang Shuwen, vice chairman of the NPC Law Committee, on the work accomplished by the NPC Standing Committee's Law Enforcement Inspection Group about inspecting the enforcement of decisions and laws for censuring the production and sales of counterfeit and inferior commodities. Wang Chaowen, chairman of the NPC Nationalities Committee; Cai Cheng, vice chairman of the NPC Law Committee; and Lin Liyun, vice chairman of the NPC Overseas Chinese Affairs Committee, made reports on the results they obtained from examining NPC deputies' motions which the Presidium of the First Session of the Eighth NPC referred to them.

The session today also examined the written report submitted by Vice Chairman Wang Hanbin about his visit to Sweden, Norway, and Denmark; and the written report submitted by Vice Chairman Wang Bingqian about his visit to Syria, Egypt, and Cyprus.

Crackdown on Corruption Remains 'Main Task'

OW2712112193 Beijing XINHUA in English 1110 GMT 27 Dec 93

[Text] Beijing, December 27 (XINHUA)—Maintaining an iron fist over crime and corruption will remain the main task for Chinese courts at all levels in the year 1994, said a top Chinese judge here today.

"There are many factors affecting the stability of our society. Hostile forces both at home and abroad have never stopped their activities against us," said Ren Jianxin, president of the Supreme People's Court (SPC), at a

national meeting on judicial work. "We are facing great challenges to maintaining a sound social order."

Ren said that courts across the country must crack down relentlessly on activities that severely threaten the state's security and social order. Special attacks will be organized and targeted at criminal activities that have aroused strong public complaints.

"To create a safe society for our people, we must never be lenient toward criminals," stressed Ren.

According to China's top judge, during the first 11 months of this year, people's courts across the country handled 2.8 million cases, of which 333,000 were criminal cases.

Ren pointed out that the success of the reforms hinges on the anti-corruption drive. Therefore, one of priorities of the courts in the new year is to fight against economic offenders, including those who embezzle or take bribes.

"In cases of serious graft, bribes, smuggling and fraud, we will make thorough investigations and resolutely punish criminals according to the law, no matter who is involved," said Ren.

He explained the main target of the crackdown will remain to be those officials and state functionaries who use their power for personal gain.

Criminal cases involving more than 10,000 yuan accounted for sixty percent of all economic cases handled from January to November of this year, noted Ren.

Also in today's meeting, SPC Vice President Gao Changli said that cases involving foreign investors have been on the rise this year due to expanded cooperation between China and foreign countries and regions.

"We should ensure fair judgments in this regard to better protect the interests of both Chinese and overseas clients," said Gao.

'Peace Charter' Drafters Reportedly Still Missing

HK2712030393 Hong Kong LIEN HO PAO in Chinese
27 Dec 93 p 2

[Report from Hong Kong by staff reporter: "Whereabouts of Yang Zhou and Qin Yongmin Are Still Unknown, Family Members Call for Their Release by New Year's Day"]

[Text] The whereabouts of Yang Zhou and Qin Yongmin, the two mainland pro-democracy activists who were arrested after publishing the "Peace Charter" in Beijing in the middle of last month, are still unknown. Their families have appealed to mainland authorities for their release before New Year's Day so they can be reunited with their families and spend the New Year together.

At the beginning of this month, Beijing public security authorities said to some friends of Yang and Qin that they had been sent back to their places of residence, namely, Shanghai and Wuhan. But Yang Zhou's wife said in a long-distance call yesterday that Yang Zhou had not come home up to now. She had contacted the Shanghai public security bureau many times to find out about his situation, but had not been given any straightforward reply regarding

Yang Zhou's whereabouts. The authorities only told her to go home, wait patiently for news, and trust that the government will handle it properly.

Mrs. Yang reckoned that Beijing public security authorities have handed Yang Zhou over to Shanghai Public Security Bureau, and he is probably being subjected to "ideological education." As far as she knew, Qin Yongmin, who used to live in Wuhan, is now in a situation similar to Yang Zhou's. Another "Peace Charter" drafter, Liu Nian-chun, who was arrested some time ago, has been released and joined his family.

MING PAO Reporter Accused of Spying for Taiwan

Reporter To Defend Himself

HK2412043293 Hong Kong THE STANDARD in English
24 Dec 93 p 1

[Text] Xi Yang, the Ming Pao reporter held in China since September, has been accused of spying for Taiwan agencies, according to Chinese sources. The trial of the mainland-born Hong Kong journalist would be conducted behind closed doors next week, the sources said yesterday.

Tian Ye, a clerk with the People's Bank of China who was arrested in connection with Xi, was accused of stealing banking secrets under instructions from the reporter, the official Xinhua News Agency said.

The crimes are punishable by death.

According to clause 17 of China's Criminal Law of 1977, the maximum punishment for spying is life imprisonment but an amendment to the law in 1988 suggests those spying for overseas agencies will be either imprisoned for life or executed.

In a news statement last night, the Ming Pao quoted Beijing court officials as saying Xi had decided to defend himself though the newspaper offered to hire a lawyer for him.

Court officials confirmed the trial of Xi and said proceedings would be held in secret. Xi was officially arrested on 7 October-11 days after his detention in Beijing.

Case Not To Be Tried 'Openly'

HK2412065093 Hong Kong MING PAO in Chinese 24
Dec 93 p A2

[Text] An official of the Beijing Municipal Intermediate People's Court said a few days ago that the court had already accepted and would hear the case of MING PAO reporter Xi Yang, who was charged with the crimes of spying and stealing state secrets. The official also said: Xi Yang has told the court that he has decided not to engage any lawyer, and his case will not be tried openly.

The day before yesterday (21 December) [date as published], a senior staff member of MING PAO in charge of the editorial department contacted the Beijing Municipal People's Court and inquired about the progress of the hearing into Shen Yang's case, and he was told that the court had accepted and would hear Xi's case and that the judge of the No. 1 Court of Criminal Proceedings had

contacted Xi Yang. It was reported that Xi Yang did not want to use a lawyer and he was ready to defend himself.

The MING PAO Editorial Department then asked the court to convey a message to Xi Yang, who was under detention, that MING PAO, his employer, had already engaged a mainland lawyer for him, and the court official said the day before yesterday that he could report this request to concerned authorities and those who were handling Xi Yang's case. However, in another contact with the Beijing Municipal People's Court yesterday, the MING PAO Editorial Department was still told that Xi Yang had indicated that he did not want to engage a lawyer. As to the question of whether or not the court could pass MING PAO's request to Xi Yang, the court official did not answer directly but only stressed that Xi's case would not be tried openly because it touched on state secrets, and that MING PAO could make its request known to the court in a written form. Responding to the question of when did the judge of the No. 1 Court of Criminal Proceedings contact Xi Yang, who was under detention, the court official was not willing to disclose an exact date and only said: "One or two days ago."

According to relevant laws of mainland China, after a court has decided to accept and hear a criminal case, judges handling the case will go to the detention center and personally inform the defendant of his rights of engaging one or two lawyers for defense. As for how to engage a lawyer, the defendant can either choose one on his own or he can ask his family or the court to engage a lawyer on his behalf. The defendant can also defend himself without engaging any lawyer. On the other hand, according to mainland law, once the judge has personally informed the defendant of the prosecution, the court session, under normal circumstances, will open.

A MING PAO Editorial Department spokesman said yesterday that Xi Yang had been detained by the Beijing Municipal State Security Administration for nearly three months, and during this period of time, except the special approval granted for meeting his father for 30 minutes to talk about some family affairs which had nothing to do with his case, Xi Yang totally lost his touch with the outside world. Hence, in order to prevent Xi Yang from making the decision of not engaging any lawyer without understanding the outside situation and under involuntary circumstances, the MING PAO Editorial Department will send a letter to the Beijing Municipal People's Court today and ask the court again to convey the message to Xi Yang, that is, his employer has already engaged a lawyer for him.

The Journalist Association Stated That A Secret Trial Is Unreasonable

The Hong Kong Journalist Association issued a statement in the small hours today, pointing out that it was unreasonable and unconvincing to try Xi's case in secret. The statement said: Even if Xi's case, as claimed by the Chinese official XINHUA News Agency, touches such sensitive information as changes in interest rates and gold sales, this kind of information is no longer sensitive months later and it is not necessary to keep it secret. The association expressed its deep regret that the Chinese authorities still refuse to try the case openly on the grounds

of touching state secrets. The association said: Under the condition of secret trial, both the people of Hong Kong and the international community cannot believe that Xi Yang will be tried in a fair and impartial manner.

The statement pointed out: Xi Yang has been detained for three months, and during this period of time, he has been cut off from the outside world and not allowed to contact his employer. All he could do was merely to meet his father for 30 minutes to talk about some family affairs which had nothing to do with his case. As it was reported under these circumstances that he "did not want to engage any lawyer," people will inevitably have suspicions that whether or not this is his true wish or if he made such an indication—renouncement of his legal rights, which is against common sense—under threat.

Finally, the association held that the concerned authorities should respect Xi Yang's just legal rights, immediately allow him to meet his family and his employer's representative and contact his lawyer, start the trial openly, allow Xi Yang's family and his employer's representative to attend the court session, and allow Hong Kong and overseas mass media to listen to and report on the proceedings of the trial.

Kuomintang Committee Holds Second Plenary Session

OW2212194693 Beijing XINHUA Domestic Service in Chinese 1050 GMT 20 Dec 93

[Text] Beijing, 20 Dec (XINHUA)—The Second Plenary Session of the Eighth Central Committee of the Revolutionary Committee of the Chinese Kuomintang [RCCK] closed in Beijing today after a four-day session. The main topics of the Second Plenary Session included: To study and carry out the guidelines of the Third Plenary Session of the 14th CPC Central Committee and of the National United Front Work Meeting, using Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics as guidance; to lay down RCCK's future tasks on the basis of summing up work in the past year and in accordance with the new situation; and to mobilize all party members and bring all positive factors into play to create a new situation in RCCK's work.

The resolution adopted by the Second Plenary Session pointed out: Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics is contemporary Marxism, a brilliant banner for guiding us in opening up a new situation in promoting our socialist cause, a powerful spiritual pillar for rejuvenating the Chinese nation, and a guide of action for properly carrying out our work in all areas. The Third Plenary Session of the 14th CPC Central Committee was an important meeting of historical significance. The "Decision on Some Issues Concerning Developing a Socialist Market Economic System" adopted by the Third Plenary Session provides the basic framework of the new economic system. The decision is a program of action for carrying out reform of the economic system in the 1990's. It gives full expression to a series of Comrade Deng Xiaoping's theories; it is bound to have profound

effects on further liberating and developing productive forces and on quickening the pace of reform, opening up, and modernization.

The resolution pointed out: Within the 1990's, both Hong Kong and Macao will return to the motherland and the peaceful reunification between Taiwan and the mainland will also enter a crucial period. The motherland's socialist modernization urgently requires the common efforts of Chinese sons and daughters at home and abroad. We shall continue to make use of RCCK's advantageous position to do a good job in establishing contacts between people at home and abroad; to actively attract overseas funds, technology, and specialized personnel for our economic construction; and to carry out work in other areas and at various levels. We should adhere to the principle of "holding hope on the Taiwan authorities and holding higher hope on the people on Taiwan," and promote the "three exchanges" and cross-strait interflow. We should forcefully publicize the principle of "peaceful reunification and one country, two systems"; we should resolutely oppose the absurd advocacy of "two Chinas," "one China, one Taiwan," "one country, two governments," and "two equal political entities"; we should thoroughly expose and lash out at the "Taiwan Independence" force's evil act of attempting to split the motherland.

The resolution called on all RCCK comrades to more closely unite around the CPC Central Committee with Comrade Jiang Zemin as its nucleus; to carry through the guidelines of the Third Plenary Session of the 14th CPC Central Committee and of the National United Front Work Meeting; to unify their thinking and change the way they think; to make further efforts to pioneer new spheres of endeavors; to build up RCCK so that it can better fulfill its responsibility of participating in and discussing government and political affairs and of exercising democratic supervision; and to make new contributions to strengthening and developing the most extensive patriotic united front, to refining the multiparty cooperation and political consultation system under the CPC's leadership, to preserving the country's political unity and stability, and to promoting the motherland's peaceful reunification.

Li Peiyao, vice chairman of the National People's Congress [NPC] Standing Committee and chairman of RCCK Central Committee, attended the Second Plenary Session and, on behalf of the RCCK Central Committee, made a work report at the session. Those attending the session included RCCK Central Committee vice chairpersons Li Ganliu, He Luli, Shen Qiuwo, Zhou Tienong, Tong Fu, Cheng Zhiqing, and Hu Min; as well as Sun Yueqi and Jia Yibin, respectively honorary chairman and honorary vice chairman of the RCCK Central Committee.

During the session of the Second Plenary Session, Li Shuzheng, head of the CPC Central Committee's International Liaison Department; Liu Yandong, deputy head of the CPC Central Committee's United Front Work Department; and Liu Guoguang, member of the NPC Standing Committee, were invited to speak at the session.

National Nationalities Affairs Forum Concludes

HK2312062093 Guiyang Guizhou People's Radio
Network in Mandarin 2300 GMT 17 Dec 93

[Text] A national forum of provincial, autonomous regional, and municipal people's congresses nationalities affairs committees chairmen wound up in Guiyang yesterday afternoon.

The four-day forum participants unfolded exhaustive discussions on "Opinions on Amending the PRC Law on Autonomy for Nationality Areas" and the "Revised Draft of the PRC Law on Guaranteeing Equal Rights for Ethnic Minorities Scattered Throughout the Country" and put forth numerous good views as well as proposals.

Buhe, National People's Congress [NPC] Standing Committee vice chairman, delivered at the closing session a speech entitled "Step up Democracy and Legal System Building, Promote Common Prosperity among All Nationalities." Buhe's speech was divided into the following three parts: 1) Guiding people's congress nationalities affairs work with the theory of building socialism with Chinese characteristics; 2) persisting in and perfecting the system of autonomy for nationality areas and promoting stability and development in nationality areas; 3) emancipating the mind, renewing concepts, and accelerating democracy and legal system building in a spirit of reform.

Li Xuezhi, NPC Nationalities Affairs Committee vice chairman, delivered a summing-up speech at the closing session.

The forum was presided over by Wu Jinghua, NPC Nationalities Affairs Committee vice chairman.

Also attending the forum were Wang Chaowen, NPC Nationalities Affairs Committee chairman; Huanjue Cenam and Tao Aiyong, NPC Nationalities Affairs Committee vice chairmen; Liu Yulin, Guizhou Provincial People's Congress Standing Committee acting chairman; and others.

'Sources' Say Religious Persecution Increasing

HK2412035493 Hong Kong SOUTH CHINA MORNING
POST in English 24 Dec 93 p 7

[By Daniel Kwan]

[Text] Religious persecution in some mainland provinces has increased, with underground Christians being detained, fined and even tortured, according to Christian sources. "The persecution never stops," an informed source quoted an underground church leader as saying.

Persecution notwithstanding, the underground Christian population—believers who are not recognised by the official Three Self Patriotic Movement (TSPM)—has soared to 60 to 70 million in recent years. The majority live in the provinces of Zhejiang, Henan, Anhui, Shaanxi, Fujian and eastern Guangdong. Christian sources said the growth had spread to provinces like Sichuan and Yunnan recently.

While Beijing has maintained it respects the religious freedom of its citizens, rural police chieftains often treat underground Christian leaders as "politically dangerous" enemies, they said. In some rural counties in southwest

Henan. Public Security officials have been known to "rob" underground Christians by placing stiff fines on them for organising illegal meetings. Police, according to sources, seldom issued receipts or certificates when they issued the fines, which ranged from 50 to 700 yuan (HK\$67 to \$938).

Christians said it would prove useless to complain to the judiciary or higher authorities. "All crows are black. There is no use," a house church leader in Henan said.

In Sheqi county of Henan, sources said persecution reached a "very serious" level early this year when police seized livestock, crops and even furniture from Christians who could not afford the fines. An underground house leader there told visitors recently that Christians often faced corporal punishment and even torture when they were in detention. "They first tortured us and then fined us," said the leader, adding police sometimes beat the detainees with electric truncheons sticks and handcuffs. In one incident, police even poured boiling water over the head of a Christian when he refused to co-operate, the leader said.

There are about 90,000 Christians in Fangcheng County of Henan and less than five percent are known to attend TSPM meetings. House churches there are also active in sending missionaries across the country to spread the gospel. "Our vision is to go towards the northwest...and especially along the Silk Road back to Jerusalem," one church leader there said.

In Anhui, religious persecution has been even more rampant. According to Christian sources, six preachers sentenced to labour re-education by the authorities for engaging in "illegal religious activities" had disappeared. They said their families were stonewalled by police, who told them the preachers' whereabouts were "none of their business" when they tried to visit them recently. The families fear the preachers might have been sent to labour reform camps, sources said.

Meanwhile, sources said Xu Fang, an underground Christian in Xunyang County of Shaanxi province, would soon be sent to a labour reform camp for leaking news of religious persecution in her village to the foreign press. Xu was arrested soon after it was reported that Shaanxi police had beaten another Christian, Lai Manping, to death after attending a church meeting.

Bear Comes Under National Protection

OW2212141193 Beijing XINHUA in English 1133 GMT 22 Dec 93

[Text] Beijing, December 22 (XINHUA)—China has introduced a licensing system to control the exploitation of bears, an official said here today.

Shen Maocheng, vice-minister of the forestry, said that China has no plan to breed more bears and it will close those breeding lots that do not meet minimum conditions.

At a press conference hosted by the Information Office under the State Council, Shen said that though China is abundant in bears, it has barred hunting bears since 1989, when the animal came under national protection.

He said that most bears living in the country's feed lots were captured before 1989. Since then, China has not approved any hunting of wild bears.

Bear gut, obtained by killing a bear, is a traditional Chinese medicine. To protect its bear resources, China began in the 1980s to drain bile from breeding bears.

He said that draining a bear's bile in a breed lot saves 44 wild bears. If one bear's bile can be drained for five years, that would save 220 wild bears.

He said that the technique is scientific. Moreover, it is not only bearable, but also painless to the bear. And it imposes no negative effects on the growth and reproduction of the animal.

"The method not only protects the wild bear, but also provides bile to meet the demands of the domestic market," he said.

The method also complies with international norms on the protection of wild animals, according to the official.

Medicine Developed for Iron-Deficiency Anemia

OW1812074793 Beijing XINHUA in English 0728 GMT 18 Dec 93

[Text] Beijing, December 18 (XINHUA)—A new kind of medicine for treating iron-deficiency anemia has been developed by a health care products factory in Zhanjiang City in south China's Guangdong Province.

Nearly 1,000 clinical tests showed that the drug was 98 percent effective.

The medicine, "Weixue Chongji", which is taken mixed with boiling water, is made from traditional Chinese medicine ingredients.

It is said to be more easily absorbed and to have no side-effects on the stomach or intestines, making it an improvement on medicine made from ferrous sulfate that iron-deficiency anemia patients in China use at present, said medical experts at a symposium on women and health care held here.

Iron-deficiency anemia is a disease with high incidence worldwide, said the experts. In China, the incidence of this disease is about 40 percent among children and 20 percent among women.

Economic & Agricultural

Li Peng Predicts 9 Percent Economic Growth in 1994

HK2712111693 Hong Kong WEN WEI PO in Chinese 26 Dec 93 p 2

[Unattributed report: "Li Peng Predicts 9 Percent Economic Growth For China Next Year"]

[Text] Beijing, 25 Dec (WEN WEI PO)—When recently reviewing China's economic development in 1993 and looking forward to the country's economic situation for 1994, State Council Premier Li Peng noted that all Chinese people, from the leadership to the grass-roots level, had been acting in unison, taking the initiative in blazing new

trails, and achieved great successes on all fronts in the past year. We should say the economic situation is excellent, he said. Specifically, this is reflected in the fact that China's economy has maintained the rapidly growing momentum, and it is expected that the growth in GNP for the year will reach about 13 percent, which is achieved at a time when the world is suffering from an economic recession. Our economic achievements have been positively appraised worldwide.

On the other hand, while making progress we have encountered some difficulties, problems, and contradictions, too. To deal with them, the CPC central authorities and the State Council have adopted the method of intensifying and improving the state's ability of macroeconomic regulation and control. Some positive results have been scored because of our efforts over the past few months. Some contradictions have been resolved, some have been eased, and some measures adopted have paved the way to the solution of those contradictions. Generally speaking, the economy has not experienced any major fluctuation caused by macroeconomic regulation and control, but has managed to steadily embark on a benign cycle. Looking to development in the next year, Li Peng said the economic growth for 1994 has been preliminarily predicted at 9 percent, or even higher. He said the idea on development is to maintain a sustained, rapid, and wholesome growth. This indicates that what we are striving for is a growth with good returns, a speed which will ensure that products are marketable and have demand on the market and a speed characterized by a rational economic structure, high quality, and good returns. We are not simply seeking a high speed for high speed's sake. At present, China's economic development is mainly subject to constraints presented by some basic industries, like energy, electric power, transport and communications, and telecommunications. The most prominent constraint is from the railway sector, as some products and raw and processed materials are locked in their places of origin and there is a serious shortage of railroad transport and port cargo handling capacity. As for the power industry, although it has been developing quite rapidly, power supply still falls short of demand. Energy and raw and processed materials have now become the "bottlenecks" hindering economic development. Perhaps we can say that we still managed to keep some reserves of energy and raw and processed materials in 1993, but we will see an increasingly serious shortage in 1994.

Therefore, as far as economic work is concerned, in 1994 we must pay special attention to this problem. We must follow the principle of attaching equal importance to development and economy. On the one hand, we must speed up development, tap latent potential, optimize the production structure, increase transport capacity, and step up construction of infrastructure. On the other hand, we must restrain growth of some sectors that have excessively expanded. For instance, too many real estate and development zone projects have been launched in 1993. We are not saying that real estate and development zone projects must be stopped, but the key point is that the economic returns of such projects should be taken into consideration.

Li Peng pointed out: As far as real estate is concerned, in 1994 we will place the stress on medium- and low-grade housing, so as to solve the housing problem for urban residents.

Li Peng said: It cannot be denied that the problem of feeding and clothing has been solved in cities. People are well-supplied with quite nice food and clothing. For the time being the most prominent problem is housing for the public. Therefore, real estate development should not focus on the construction of high-class apartments, guest-houses, and houses. Of course, we have no objection to construction of an appropriate number of this type of buildings to meet special demand in the wake of opening up. However, after all we should devote a great deal and most of resources to the construction of housing projects intended to meet the public's pressing demand for lodging and to improve their living conditions. The pace would be rather slow if we relied on investment by the state alone for improvement of living conditions. Therefore, state investment must be combined with housing reform. It is necessary to gradually introduce a housing commercialization program, to adopt the method by which the state, the employer, and the individual all share the expenses (with the bank offering long-term loans to individual residents) as a means to raise more funds and to step up the efforts to improve the public's living environment. Now Chinese people are keeping a total of more than 1,000 billion yuan of deposits. If appropriate policies are implemented, it is definitely possible for the real estate sector to attract part of these funds.

The above discussion is a part of a ZHONGHUO YINGCAI [CHINA'S TALENTS] interview with Li Peng.

Zhu Rongji 'Very Worried' About Tax Reform

HK2712074093 Hong Kong MING PAO in Chinese 24 Dec 93 p A9

[By special reporter Ching Chi (5427 2765) and Yueh Feng (1471 2800): "Central Government Strictly Prohibits Local Authorities To Collect Next Year's Taxes in Advance, Urges Them To Support Tax Reform"]

[Text] Although the tax sharing system will not be implemented until 1 January next year, it has already had quite a strong impact on the economy in various localities. Since local authorities have been arbitrarily levying taxes with a view to expanding their own taxation base, the central government recently issued an order to reiterate a strict ban on the practice of collecting taxes for next year in advance, and called on local authorities to take the state's general interests into consideration and give support to the finance and taxation reform.

It is known that State Council Vice Premier Zhu Rongji is very worried about the above-mentioned phenomenon. He warned that if such practices continued, the tax sharing system would most likely "fail."

Many economic experts have pointed out that the tax sharing system could possibly cause some temporary negative effects in the process of structural transformation next year when the reform is set to make big strides forward.

—The margin of growth in financial revenue will possibly be narrowed, while increasing pressures will be felt with regard to the need for balance between revenue and expenditure. Some local governments, in order to expand their revenue and expenditure base figures, may adopt some measures to "anticipate their income," collecting some of next year's taxes in advance. Statistics show that local financial sectors' tax income in September had increased by 52 percent over the same period last year, or even by 100 percent in some localities.

In this month, some localities in Guangdong have been collecting taxes for December this year in advance, which are usually due by next January, thus collecting 13 months' taxes this year.

Experts hold that if this trend is not checked, the central authorities would, on the one hand, receive much less financial revenue next year than expected; and, on the other hand, since both central and local authorities' financial expenditures are bound to increase in the days to come, they would probably face very strong pressure in trying to maintain a financial balance. —The workload presented by the taxation reform will be very great and pressing. This will give rise to a series of problems which will involve complicated procedures: the setting of tax rates, the merger and division of tax categories, changes to tax collection channels, and personnel changes in taxation departments. The taxation reform, if not sufficiently well prepared for, may directly affect tax collection work next year.

—For some tax categories with high tax rates which used to contribute a considerable amount of revenue, for example, tobacco and alcohol taxes, after they are taken away from local authorities by the central government, localities will be less enthusiastic in supporting the production sectors that pay these taxes, thus the central government's expected tax revenue from these sectors will be reduced right away.

Also, in order to preserve localities' vested interests, the central government has made too many concessions, for example, both income tax and the tertiary industry sales tax have been classified as local taxes. Meanwhile, although the central government will share 75 percent of the revenues derived from the value-added tax, which is now classified as a type of tax to be shared between the central government and the localities, eventually, one-fifth of this revenue will still have to be returned to the localities.

Experts point out: As the reform is being shifted from the stage of "delegating power and giving up profits to the lower levels" and that of "pumping water into the pond to allow the fish to survive" to a new stage of "reform of the system," localities will gain less and less benefits from reform, thus reform will face greater and greater difficulties in its way ahead. Governments at each level are calculating how much material benefits they will gain from each reform project, the more benefit the higher the enthusiasm, otherwise they will try to boycott the project by every means.

It is said that the Guangdong provincial government recently came to the conclusion after careful calculation that the portion of tax revenue Guangdong must turn over to the state treasury will increase by only 1 billion yuan or so each year after the tax sharing system is introduced. That means the impact of the tax sharing system will not be as serious as previously expected.

Economic experts in Beijing generally believe that it will be hard to guarantee that the finance and taxation reform which will be launched next year will not be tampered with one way or another since China is known as a country which pursues the tradition of "ignoring policies formulated by the higher authorities but going one's own way." And it is uncertain whether a "distorted" "tax sharing system" will still be in keeping with the designer's original idea and whether it will increase the central government's financial resources and its ability in macroeconomic regulation and control.

Zhu Urges Stabilization of Grain Prices

HK2712074293 Hong Kong WEN WEI PO in Chinese 27 Dec 93 p 5

[Report: "Zhu Rongji On Stabilizing Grain Prices and Fighting Inflation"]

[Text] According to news from Beijing, on the 25th of this month, the State Council held a national conference in Beijing on suppressing grain and oil prices. Zhu Rongji, member of the Standing Committee of the Political Bureau of the CPC Central Committee and State Council vice premier, made an important speech at the meeting. Zhu pointed out: "Stabilizing grain prices and keeping inflation down is crucial to smooth reform next year."

China had a bumper harvest this year. According to news from the Ministry of Agriculture, total grain output this year is higher than last year, which was a bumper year, and reached a new record high. Data from the Ministry of Internal Trade also show that the quantity of new, state-purchased grain in storage is more or less the same as the corresponding period last year.

Since last October, however, market prices in the coastal grain selling areas have soared. In Guangdong, retail grain prices rose by an average of 30 percent in late November over October; in Hubei, Hunan, Anhui, Jiangxi, and other grain producing areas, rice prices have also risen. Rising rice prices in the south have affected grain prices in the north, with prices of wheat, corn, and so on going up by different margins. Many people are at a loss about the abnormal price fluctuations.

According to an authoritative department, as China's grain supplies are ample this year, the government is wholly capable of regulating and controlling the grain market. In Beijing, the authorities are reported to have imposed ceilings last week on the prices of 27 kinds of major consumer goods, including rice and pork.

Qian Qichen Discusses Development of Tourism

OW2512144293 Beijing XINHUA in English 1429 GMT
25 Dec 93

[Text] Beijing, December 25 (XINHUA)—Vice-Premier Qian Qichen said here today that current international and domestic situation is both a good opportunity and a new challenge for China to develop its tourism industry.

He was addressing the Third Congress of the China Tourism Association.

Describing tourism as an important "window" of China's opening to the outside world, Qian said the sector has produced good economic and social results. In the past decade, the country earned 27.4 billion U.S. dollars from tourism, which also promoted China's external exchanges and related industries and created jobs.

According to Liu Yi, director of the National Tourism Administration, this year 40 million tourists from overseas, visited the Chinese mainland, five percent more than in 1992. They include 4.5 million foreigners, a 12.3 percent increase. The sector earned 4.6 billion U.S. dollars in foreign exchange.

Meanwhile, domestic tourists amounted to 350 million this year, up six percent.

Zou Jiahua Attends International Standards Meeting

OW2712121193 Beijing XINHUA Domestic Service in Chinese 1126 GMT 14 Dec 93

[By reporter Zou Qingli (6760 3237 7787) and correspondent Li Bo (2621 3134)]

[Text] Beijing, 14 Dec (XINHUA)—The fourth national conference for international standards opened in Beijing today. Vice Premier Zou Jiahua attended and addressed the meeting.

Zou Jiahua said: One major technical and economic policy China has adopted is international and advanced foreign standards. To improve the quality of their products, broaden their markets, and head for the world, our enterprises must adopt international and advanced foreign standards. This project must be carried out in conjunction with the conditions and foundation of China's economic development, and it must proceed in a planned and systematic manner.

Zou Jiahua set forth the following five requirements for adopting international standards: 1) All departments must draw up and earnestly carry out adoption plans; 2) when enterprises upgrade their technologies, they should do as much as they can to adopt international and advanced foreign standards; 3) enterprises which purchase foreign technologies and equipment should make sure that what they purchase is up to advanced foreign standards; 4) enterprises should adopt advanced foreign standards in developing new products; and 5) enterprises should have internal control standards, which should be higher than factory standards, for their products to ensure product quality and functions.

Xu Penghang, vice minister of the State Economic and Trade Commission and director of the State Bureau of Technical Supervision, reported at the meeting that, by the end of 1992, international and advanced foreign standards accounted for 40 percent of the 1.69 million state standards China had formulated. It is reported that these standards have been playing a positive role in China's economic construction as they have upgraded enterprises' technology, facilitated the development of new products, improved the quality of products as well as management, and made Chinese-made industrial goods more profitable and competitive in the world market.

Cheng Junsheng Presides Over Afforestation Meeting

OW2412170693 Beijing XINHUA in English 1610 GMT
24 Dec 93

[Text] Changsha, December 24 (XINHUA)—The 13th Plenary Session of the National Afforestation Committee opened today in this capital of central China's Hunan Province.

State Councillor Chen Junsheng presided over the meeting. He was elected only a few days ago as the director of the first National Afforestation Committee.

Chen noted that forest building is the basis of environmental construction. It also has an effect on the development of agriculture and water resources, and the country's economy as a whole.

He also urged all government organs and units to finish their afforestation quotas on time, and called the whole of society to plant more trees.

In the past five years China has afforested an area of 19 million ha. So far, China has a total artificially-afforested area of more than 33 million ha.

The forest-covered area of the country has also increased from 12.98 percent of the whole territory to 13.92 percent.

The meeting set a target for the whole country: By the end of this century the forest coverage should rise to 15.3 percent of the total territory, and 30 percent of urban areas should be covered in trees.

'Top' Tax Official Discusses New Tax Law

OW2512124793 Beijing XINHUA in English 1229 GMT
25 Dec 93

[Text] Beijing, December 25 (XINHUA)—A top Chinese tax official today called on tax collectors and administrators throughout the country to do a good job in introducing the new tax system, which will be instituted on January 1.

Addressing a national telephone meeting attended by heads of tax bureau above the county level, director of the State Administration of Taxation (SAT) Jin Xin said that China has so far promulgated a tax law and five sets of tax provisions and more regulations are expected to come out in the coming months.

He stressed that taxation administrations at all levels must make sure not to approve any tax cuts and exemptions as of January 1, 1994, for whatsoever reasons including

temporary ones and for relieving difficulties, with the exception of those stipulated by laws.

The cancellation of tax cuts is one of the major breakthroughs featured in the new tax system, said Jin, adding that this could help create a good environment for fair competition and stem tax losses.

The top tax administrator reaffirmed that the tax reform measures would not increase the overall tax burdens of the enterprises, nor would they drive up prices.

But he cautioned that some people might make use of the reforms and push up the prices. "So we must work closely with the departments concerned to stop such malpractices timely and resolutely," he said.

Jin pledged that the preferential tax policies towards foreign investors would remain unchanged.

He said the State Council has submitted a motion to the standing committee of the national people's congress which is currently in session.

The motion suggests to abolish the industrial and commercial unified tax currently in effect in foreign-funded ventures while introducing the value-added tax, consumption tax and business tax instead.

As the tax-sharing fiscal system demands the separation of central and local taxation administration, Jin said, the tax should be collected and handled to the central and local treasuries separately at the start of next year even before the formal establishment of the taxation institutions.

Reportage on Three Gorges Project

Li Peng Inspects Site

OW2412111293 Beijing XINHUA Domestic Service in Chinese 1234 GMT 23 Dec 93

[By reporters Zou Aiguo (6760 1947 0948) and Tang Weibin (0781 5898 1755)]

[Text] Yichang, 23 Dec (XINHUA)—Premier Li Peng returned to Beijing from Yichang today after a six-day inspection tour of the Three Gorges. He emphasized: In order to make the construction of the Three Gorges Project a success, the most crucial thing is to win the understanding and support of the people. In building the Three Gorges Project, we should use the methods of a socialist market economy, introduce the competitive system, and adopt the bidding practice. It is necessary to implement modern management in construction and organize a capable work force to properly build the project which is attracting worldwide attention.

During the inspection tour which began on 18 December, Premier Li Peng was accompanied by Chen Jinhua, minister of the State Planning Commission; Guo Shuyan and Li Boning, deputy directors of the Three Gorges Project Construction Committee under the State Council; Guan Qiang, secretary of the Hubei Provincial CPC Committee, and Jia Zhijie, governor of Hubei Province. He successively visited the dam site at Sandouping, the major resettlement area of Zhujiawan, and the reservoir area, as well as inspected the preparations for the construction and

resettlement of displaced residents. During their stay in Yichang, Li Peng and leading comrades of ministries and State Council commissions in his entourage held six rounds of thorough discussions with experts and leading officials of departments concerned with such major issues as construction work, resettlement of displaced residents, fund preparation, and engineering equipment.

Preparations for construction of the project officially began on 26 July this year. On 24 October, construction began on the first-stage earth-and-stone coffer dam located on the right bank of the river, and a road was built specially for the project on the left bank of the river, paving the way for the digging of the shipping-related project [hang jian gong cheng 5300 1696 1562 4453]. After five months, all the major goals of the preparation work slated for this year have been completed. Li Peng said: With efforts made by all the builders, great progress has been achieved in the preparatory engineering work of the Three Gorges Project. What we are building is a modern and first-class project which needs modern management and first-class construction quality. He urged those enterprises taking part in the current preparation work, including the Gezhou Dam Engineering Bureau, to adopt advanced technology, strengthen scientific management, and become modern construction enterprises.

Since September this year, the Three Gorges Project Development Corporation have successively invited tenders for 12 items of preparations. Engineering enterprises vied to take part in the construction of the Three Gorges Project. One of the bidders is the Gezhou Dam Engineering Bureau, a large hydroelectric power construction enterprise with over 50,000 employees and more than 13,000 pieces of construction machinery and equipment, and has made great contributions to China's hydroelectric power industry. Li Peng said to the leading comrades of the Gezhou Dam Engineering Bureau: To develop the socialist market economy, we must promote competition. Competition leads to efficiency. In building the Three Gorges Project, we should invite tenders. Large construction enterprises should display their superiority, take an active part in competition in both domestic and international markets, meet challenges with full confidence, and win more bids. Li Peng pointed out: When inviting tenders, it is necessary to adhere to the principle of openness and fairness, pay attention to improving rules and regulations, and standardize the procedures. Since the engineering quality has a bearing on the success and failure of the project, we must organize the engineering jobs meticulously to ensure good quality.

Li Peng attached great importance to the resettlement of people displaced by the Three Gorges Project. He made a special trip to Zhujiawan to inspect the resettlement sites under construction in the dam area and to visit some families to familiarize himself with their production and living conditions. Speaking at an informal meeting, Li Peng said: The success or failure of the Three Gorges Project, which will benefit people for generations to come, rests with the resettlement of the people. Compared with other dam construction projects in New China, the Three Gorges Project is one in which the number of people to be resettled is the largest and the resettlement mission is the

most formidable. The immense contributions by vast number of resettlers to the construction project will have everything to do with successful resettlement programs. He stated: Thanks to efforts exerted by people's governments and relevant authorities in the dam and reservoir area, new headway has been achieved in the Three Gorges Project resettlement program. Taking the construction project's overall needs into account, party committees and governments in the dam area have surmounted numerous difficulties and done everything they can to accomplish this year's land acquisition and resettlement projects, thus enabling all preparatory projects to proceed smoothly. Li Peng urged government authorities in the dam area to care for the resettlers' livelihood and take measures to ensure their safety during winter.

Li Peng also urged relevant authorities to firmly implement the developmental resettlement policy, make overall planning, and strictly implement all plans according to law. He said: We must stress priority programs on the basis of the project's progress. Long and short-term projects should be integrated. Whenever budgets are available, all projects should begin early and should not be delayed. The current resettlement programs are the top priority. He urged authorities in Sichuan and Hubei to provide stronger leadership over their resettlement programs and muster the support of all quarters in accomplishing all developmental resettlement projects so the construction of the Three Gorges Project can proceed smoothly.

Since the Three Gorges Project is a large project requiring much time and large amounts of capital to build, having a stable and reliable supply of capital is essential. Li Peng urged relevant departments to continue their feasibility study on fund raising plans and come up with a practical report. He said: The central authorities attach great importance to how funds for building the Three Gorges Project are raised. While there are many ways to raise funds, the key issue is to devise a good system so steady and reliable sources of funds for building the Three Gorges Project can be ensured. He added: It is the central authorities' decision to build the Three Gorges Project, and this project is an important project of the entire nation; people throughout the country should support the project.

During the inspection, Li Peng also heard the views of relevant departments on the Three Gorges Project's facilities for generating and supplying electricity. According to the initial design, the Three Gorges Project will install 26 water turbogenerators, each able to generate 700,000 kilowatts of electricity. This will be one of the largest generator units in the world today. Li Peng and the experts studied and discussed the development of equipment as well as international cooperation in the development.

Meeting with Ai Guangzhong, secretary of the Yichang Municipal Party Committee, and Luo Qingquan, mayor of Yichang, Li Peng hailed the city's slogans: "Serve the big Three Gorges, build a new Yichang" and "The Three Gorges Project is in Yichang, let us contribute to the Three Gorges Project." He said: Since Yichang is where the Three Gorges Project is located, the city must contribute to the project. When the Gezhouba Project was built many years ago, it revitalized Yichang. The Three Gorges Project will certainly revitalize Yichang for the second time.

Yichang should give the Three Gorges Project its all out support by carrying forward its fine tradition of supporting the Gezhouba Project. While supporting and serving the Three Gorges Project, Yichang should seize the opportunity to develop itself and make efforts to build itself into an economically prosperous and scenic modern city in the early 2000's.

Li Peng stressed: The construction of the Three Gorges Project will continue into the next century. Its completion will be greatly significant for the national economy. Not only will it benefit the people today, but also those of future generations as well. We must accomplish this project, which will benefit our offspring by making concerted efforts, supporting one another and holding ourselves responsible for the people's cause.

Accompanying Li Peng during the inspection were Finance Minister Liu Zhongli, Power Industry Minister Shi Dazhen, Machinery Industry Minister He Guangyuan, Communications Minister Huang Zhendong, and leading members of relevant State Council departments Li Shizhong, Lu Yanxun, Tong Zhenyin, Wang Mengkui, Wei Yanzhen, Jiang Yunbao, Qi Lin, and Tang Zhangjin.

Supervision Contracts Signed

OW2512095693 Beijing XINHUA in English 0823 GMT
25 Dec 93

[Text] Wuhan, December 25 (XINHUA)—A supervision system has been instituted in the undertaking of the massive Three Gorges project in a move to enhance efficiency, accelerate construction, improve quality and reduce costs.

The first four contracts to supervise the construction process were signed by the Three Gorges Development Corporation and contractors at Bahekou, Hubei Province, Friday [24 December].

An official of the corporation said that according to the contracts, the China Academy of Railway Sciences will oversee the construction of the Xiling Bridge across the Chang Jiang River.

The No. 4 Prospecting and Designing Institute of the Ministry of Railways will supervise the construction of roads in the Three Gorges area, the official said.

The East China Prospecting and Designing Institute of the Ministry of Electric Power and the Ministry of Water Resources will oversee the construction of a temporary ship lock and the installation of ship lifts.

The Central South China Prospecting and Designing Institute will supervise the construction of a permanent ship lock.

Under the contracts, the supervisors will assist the builders in their preparations for construction, including bid invitation, the official said.

In the construction process, the supervisors, as sole construction managers, are responsible for construction progress, and quality and cost control.

The second group of supervision contracts is expected to be signed next month, the official said.

Viewed by State Council Committee

OW2512155593 Beijing XINHUA in English 1539 GMT
25 Dec 93

[Text] Beijing, December 25 (XINHUA)—The Three Gorges Construction Committee under the State Council held its third meeting here today, discussing issues concerning preparations for the project and the resettlement of the people at the reservoir area.

Premier Li Peng, who had just inspected areas where the dam will be built, presided over the meeting.

In a report to the meeting, Lu Youmei, general manager of the China Chang Jiang Three Gorges Project Development Corporation, said that since July, 1993 when the State Council approved the draft design of the project, preparations have been proceeding smoothly. All the goals set for this year have been reached. In 1994, the preparations will be made in an all-round way, he said.

Tang Zhangjin, director of the resettlement and development bureau under the committee, presented a detailed report on the meeting on resettlement of the local people, which will be held soon in Beijing.

Officials from Hubei and Sichuan provinces as well as departments concerned under the State Council expressed support for the work of resettlement and the project itself.

In conclusion, Premier Li Peng reiterated that the three gorges project is significant to China's economic development. He called on all the localities and departments concerned to make concerted efforts, support each other and heighten the sense of being responsible for the interests of the people.

Trade Zone Built To Meet 'Needs'

OW2612173793 Beijing XINHUA in English 1304 GMT
26 Dec 93

[Text] Yichang, December 26 (XINHUA)—An industrial and trade zone is now under construction in Yichang City, in central China's Hubei Province, to meet the needs of the building of the Three Gorges Dam.

The zone—the Xiling Economic Development Zone—is about 24 kilometers to the east of the dam site.

The zone is planned to cover 6.75 square kilometers and take 17 years to complete construction, the same period as the Three Gorges project.

In the first phase of construction is a 0.75 square kilometer area. A 150,000-square-meter industrial and trade center will be built first, to be finished in three years.

Spot transactions and futures trading will be carried out in the zone, which is aimed at becoming a commodity and material distributing center for the Three Gorges project, south Sichuan and west Hubei provinces.

Hubei Resettles Residents

OW2712084893 Beijing XINHUA in English 0837 GMT
27 Dec 93

[Text] Yichang, December 27 (XINHUA)—Local government organs in the western parts of Hubei Province are

striving to successfully resettle residents affected by the construction of a dam at the Three Gorges section of the middle reaches of the Chang Jiang River.

A total of 1,627 households, including 5,346 people, have been moved out of the dam area, clearing 1,267 hectares of land for dam construction.

To speed up preparatory work for the building of the dam, the Three Gorges Dam Construction Committee has planned to resettle 5,457 residents in 1993.

While issuing to affected residents temporary subsidies and pensions for farmers over the age of 50, government authorities in Yichang and Zigui Counties, have built temporary housing for the displaced.

Local authorities are organizing checks of newly-constructed temporary houses and the overall living conditions of those resettled to ensure that the relocated enjoy a safe winter and a happy new year.

The Three Gorges Dam, believed to be the world's second largest, will take 17 years to finish.

Textile Exporters Punished for Illegal Exports

HK2412061793 Beijing CHINA DAILY in English 24 Dec 93 p 2

[By staff reporter: "Traders Lashed for Shipments"]

[Text] The government will punish five textile exporters for illegal shipments to the United States, it was announced yesterday.

The companies marked textile products bound for the United States with labels from different countries, government officials said.

They are the Dalin Trade Company in Shenzhen, Hohhot Foreign Trade Group in Inner Mongolia, Xian Handicraft Import and Export Co. Henan Drawnwork Import and Export Company and Yili Garment Limited in Guangdong Province.

Three of the firms will have their trading rights revoked and the other two will have their export quotas cut, officials from the Ministry of Foreign Trade and Economic Cooperation (Moftec) said.

They also said the profits made from the shipments will be confiscated.

Textile export quotas for Shenzhen, Inner Mongolia and Guangzhou are also to be cut next year.

The Chinese Government has clamped down on Chinese firms that illegally break U.S. import quotas by shipping goods through a third country.

A Moftec official said the government has announced several regulations to prevent illegal exports.

Moftec, the General Administration of Customs and the State Import and Export Commodities Inspection Bureau have established a special team to inspect textile shipments.

The official said the government will continue its crackdown on illicit exports.

Restructuring of Textile Industry To Continue

HK2412045493 Beijing CHINA DAILY in English 24 Dec 93 p 2

[By staff reporter: "Textile Industry Recuts Its Cloth"]

[Text] China's textile industry will continue to restructure by cutting production capacity and updating technology, a top textile official said yesterday.

The move aims to develop the country traditional industry into a pillar of the economy, said Wu Wenyong, Chairwoman of the China Textile Industry Council.

She said the country's textile industry plans to cut production capacity by a quarter in order to improve efficiency and boost quality.

By reducing production of inefficient firms, the cut-back programme will ensure that more government funds go to competitive companies.

Wu said the industry will foster more technology- and capital- intensive projects to make enterprises competitive on the world market.

She also said top textile exporters will receive more funds to help boost sales.

The industry also plans to seek overseas capital.

China's textile industry has launched 69 standard joint stock companies, of which 22 have been enlisted on securities markets.

The shareholding system may also help ease the capital shortage many firms face, Wu said.

She said China will lease and auction medium- and small-sized State owned enterprises to help them restructure.

In the first 11 months of this year, the chairwoman said, the country's textile industrial output topped 234.4 billion yuan (\$41 billion), up 8.45 per cent over the same period last year.

Readjustment has also helped the industry increase production and sales, she said.

Wu said textile industry exports were \$22.35 billion in the first 11 months of this year, 5.5 per cent more than the same period last year.

When China suffered a \$7.7 billion trade deficit during this period, while textiles enjoyed a \$10.7 billion trade surplus.

Garments exports generated \$13.53 billion from January to November, making China one of the world's top clothing exporters.

According to Wu, the textile industry, with a work force of 15.27 million, is becoming one of the country's top industries.

Journal on Macroeconomic Control 'Challenges'

HK1912063593 Beijing JINGJI GUANLI in Chinese No 11, 5 Nov 93 pp 4-10

[Article by He Dexu (0149 1795 2485), edited by Lin Daojun (2651 6670 0689): "Macroeconomic Regulation and Control Faces New Challenges"]

[Text] The aim of our country's economic reform is to establish a socialist market economy system. That is, it is to establish a new and effective resource deployment mechanism so that the market, under government regulation and control, plays a basic role in resource deployment. Clearly, government macroeconomic regulation and control under the new structure will have new contents not seen under the traditional structure, and will face new challenges.

1. Under the Traditional Structure, the "Visible Hand" Obstructed the "Invisible Hand"

Seen from the process of the development of the market economy in Western countries, macroeconomic regulation and control was not engendered and did not develop at the same pace as the market economy. Prior to the great crisis in the 1930's, the market economy was certainly in an anarchic situation, with spontaneous, blind, and free competition. After the crisis erupted, the idea of the "omnipotence" of regulation through the market and associated policy proposals were subject to intense attack, and in response, various types of theories and policies on macroeconomic regulation and control emerged. In capitalist countries there widely appeared the tendency for increased government intervention in the economy and the market, and the government assumed the task of macroeconomic coordination and management. Macroeconomic regulation and control thus became an essential organic element in the normal operation of a market economy.

In our country, traditional economic theory prior to the reforms negated the socialist commodity economy and the market, excluded the roles of the law of value and market mechanism in the economy and in regulation, and did not recognize the objectivity and effectiveness of the market mechanism in mediating among different interests under the system of social division of work, in transmitting information, and in regulating economic activities. It one-sidedly exaggerated the negative roles of the market and even used the market mechanism as a synonym for anarchy, polarization, unemployment, and inflation. Thus, in practice, it removed the market mechanism from the socialist economy regulation mechanism and used only mandatory government plans to replace it. Throughout society, the vast majority of resources were deployed through nonmarket modes. The state implemented planned management of the national economy in a general and overall way, set down a development orientation for the national economy, made arrangements for the investment structure and major proportional relationships in the national economy, and made arrangements for the overall volumes in economic activities for the national economy. In addition, it directly controlled and managed microeconomic activities. Within an enterprise, all decisions on production, investment, sales, and distribution were made by the central planning departments, labor was deployed

and arranged in a unified way by the state, supply of production inputs was guaranteed by the state, completed products were allocated and distributed in a unified way by the state, all net income of the enterprises was handed up to the state as profits, and so on.

The results of this practice are easy to see. Over the 30 years (1949 to 1978) during which the "visible hand" of the government negated and excluded the "invisible hand" constituted by the market, economic order was in shambles, resource deployment results were low, economic growth was slow or even stagnant, the people lived in poverty, and China became one of the poorest and most backward countries in the world.

From the beginning, New China has paid great attention to the role of the government in macroeconomic regulation and control. This was very different from the situation when Western governments, after recognizing the defects of the market, strengthened the government's coordination and management of the macroeconomy. The former relied completely on the "visible hand" for macroeconomic regulation and control, while the latter, at the same time as fully utilizing the "invisible hand," also mobilized the "visible hand" to jointly assist in macroeconomic regulation and control. The "visible hand" served as a supplement and rectifier for the "invisible hand."

This poses a question worthy of deep thought: Why did China choose the "visible hand," and why did the "visible hand" not play as effective a regulatory and control role as people had hoped that it would?

In the 30 years over which China has implemented a centralized planned economy, the "visible hand" has carried out regulation and control of the macroeconomy through various types of mandatory plans. However, there was excessive blind faith in the plans, and it was believed that there was nothing that planning should not include and nothing that it could not do. The result was one mistake after another. In the latter part of the 1950's, there was the Great Leap Forward, at the end of the 1960's there were several "breakthroughs," and in the latter part of the 1970's there was the "Foreign Leap Forward." Many people remember these clearly and the lessons were deep and painful.

In fact, planning is not capable of everything, and the "visible hand" is not effective in every situation. The logic is very simple: Government intervention decisionmaking (planning) is done by people. Even if these people are the most experienced experts, because of subjective limitations and because the understanding and grasping of objective situations and patterns always involves a process, it is difficult to avoid mistakes. Further, in the stands they take, their attitudes to interest relationships, and how they look at problems, planning officials and macroeconomic organs always belong to some region or another, or some department or another, and thus are always subject to certain relationship restraints. These special interests are often manifested in the final planning decisions. The result of this is that there are biases in macroeconomic decisionmaking, and macroeconomic regulation and control lose their objectivity.

In addition, in order to guarantee the scientific nature of government macroeconomic decisionmaking, and to ensure that the grass-roots levels implement the decisions, there is a need for a quite large vertical information transmission system. This is what people often refer to as our country's special socioeconomic "pyramid structure" organization. Located at the apex of the pyramid are the central planning departments, and at the base of the pyramid are the many enterprises which are the producers and operators, and the households and individuals who are the consumers. Located between the apex and the base are the functional departments of the various levels of government. Under the traditional system, the government relied on this special social organization structure to send down information on decisions taken on the deployment of resources and to realize regulation and control aims. Regulatory and control decisions could also be made on the basis of feedback from enterprises and individuals. Needless to say, this structure had very obvious restrictions in terms of information transfer and in regulation and control capabilities. This is because the greater the number of levels in the pyramid, the greater the number of times the information had to be relayed, the more serious the losses and distortions in the information flowing up or down, and the greater the time lag in information flow. These were all extremely disadvantageous to the government in obtaining correct and timely information, making correct macroeconomic decisions, and to having macroeconomic decisions transmitted in a timely way and properly implemented.

Following the development of industrialization and the upgrading of the industrial and demand structures, the functional replaceability and complementarity of various resources has become increasingly complex. This greatly increases the amount of information required for macroeconomic decisionmaking and there is an increasing need for timely collection and processing of information. Thus, under the conditions of a continually expanding economic scale and a continually rising level of economic development, the feasibility of government macroeconomic regulation and control through planning is greatly restricted. Clearly, if one relies purely on the "visible hand" to carry out macroeconomic regulation and control, the results will not be everything which was hoped. However, we cannot on this basis veer to the other extreme and only rely on the "invisible hand" to carry out macroeconomic regulation and control, as the "invisible hand" is likewise not without fault. Its certain degree of spontaneity and blindness may well lead to chaos in economic operation. Thus, if we rely too much on the "invisible hand," or even hold to the "theory of the omnipotence of the market" and ignore the "losses" in market operation, and on this basis negate the necessity of government intervention and planned regulation and control, it will again lead to an imbalance in economic movement and loss of economic control. In the same way, if we do not objectively recognize the defects of the "visible hand" and we deny its "unsuccessful" elements, and thus excessively stress the role of the "visible hand" and move toward centralization, a unified system, and might, we will also be making a mistake that we have made more than once before.

The conclusion is probably already clear: If we want to guarantee the highly efficient, stable, and coordinated development of the economy, we need to organically combine the "visible hand" and the "invisible hand." The two "hands" have to be used together so that they can jointly play a regulatory role.

However, how to achieve this organic combination of the two, and deciding where they are to be combined and to what degree they are to be combined, are new questions we face, and are new challenges faced by our country's macroeconomic regulation and control.

2. The Effective Spheres in Which the Government Can Carry Out Macroeconomic Regulation and Control Under the Market Economy Structure

The market economy is a highly socialized and materialized commodity economy, an economy in which the "invisible hand" plays a basic role in resource deployment. Thus, under the market economy structure, government macroeconomic regulation and control must be established on the basis of the market, must center around the market, and must be mainly carried out through the market. That is to say, under a market economy structure, all economic activities should be carried out under a joint system formed by the "invisible hand" and the "visible hand." Economic activities should first spontaneously take place under the "invisible hand" and then indirect regulation and control should be implemented through the macroeconomic policies and measures of the "visible hand" constituted by the government. This is a "dual" resource deployment mechanism. The situation under the traditional system whereby the "visible hand" unified all under heaven will be broken down, but government intervention, regulation, and control will still play a valuable role in economic development. Under a market economy structure, the reason the government must organize and regulate economic processes is, in one respect, that the self-organizing function engendered by the market mechanism is conditional, and in the process of realization, these conditions are often not available or complete. In another respect, it is not always efficient to rely solely on the "invisible hand" to automatically and spontaneously deploy resources. Further, seen from the angle of total supply and demand, because different economic entities in realizing their own economic interests have a competitiveness and exclusivity, the spontaneous strength of the market cannot regularly and continually ensure that total supply and demand are balanced at a level where there is full utilization of resources. The government must also take on the functions of managing, regulating, and controlling the macroeconomy, and must serve as a coordinator of the relationship between total supply and total demand, and as a weight in maintaining a balance between different forces. We can say that only if the government, through the market, and as an economic force in the market, uses various macroeconomic measures to regulate and control the economy in a conscious and targeted way, will it be possible for the market economy to operate in a healthy and standardized orbit, and will it be possible, on the basis of fully maintaining microeconomic efficiency, to realize the goals of macroeconomic stability and coordinated development.

As compared with government regulation and control of the macroeconomy under the traditional structure, government regulation and control of the macroeconomy under a market economy structure experiences obvious changes. This is not only manifested in regulation and control modes, methods, and measures, but also in the spheres, ranges, and degrees of regulation and control.

As all economic activities and economic actions take the improvement of economic efficiency and results as the basic point of departure and necessary point of return, the government, in carrying out macroeconomic regulation and control, must also take the raising of socioeconomic efficiency and macroeconomic results as a basic goal. Thus, the effective spheres in which the government should carry out macroeconomic regulation and control are those spheres where the "invisible hand" is ineffective, of low effectiveness, or of negative effectiveness, including:

1. In situations where there is microeconomic market ineffectiveness, through monopolies, public goods, or external influences, it is necessary for the government to adopt various types of effective measures (such as legislation and public management to restrict monopolies, direct investment in public goods, and levying tax on or providing subsidies to economic activities which have external effects). In this way, it can engage in direct intervention, so as to rectify market functions and consciously maintain equal exchange and social justice.

2. Because microeconomic entities lack autonomy and independence, because market development is not full and because the market system is not complete, it gives rise to a situation in which the market mechanism is not perfect, the market cannot operate normally, and market functions are obstructed. Thus, the government must carry out reforms to readjust the economic structure, foster the market, and gradually eliminate the defects in the market mechanism, so that the market can, in a normal way, bring into play its role in optimizing resource deployment.

3. In some situations, such as when cyclical fluctuations in total volumes are being ironed out, the "invisible hand" is powerless and sometimes this can lead to serious crises and result in extremely high regulation and control costs. At such times, the government should use various macroeconomic policies to carry out indirect regulation and control, and to reduce the harm which the market can produce. If we put this in simple terms: Those spheres in which the market cannot play a role or cannot play a good role are spheres in which the government should "display its skills."

Specifically, under a market economy system, the effective range over which the government can carry out economic regulation and control includes:

1. Regulation and control of total economic volumes (total supply and total demand).

The major targets and major tasks for the government in regulating and controlling the economy are promoting and realizing the sustained, stable, and coordinated development of the national economy, to maintain a dynamic balance between total supply and total demand in the market, and to prevent or reduce shocks in economic

development and imbalance between total supply and demand in the market. A basic element of this is to realize effective control and flexible regulation of total social supply and demand. The "invisible hand" is clearly lacking in power in this respect, and spontaneous regulation by the market can only result in an exacerbation of imbalance between total supply and total demand and lead to cyclical shocks and repeated economic crises.

2. Regulation of the major economic structures (including agriculture, light industry, heavy industry, accumulation and consumption, and primary, secondary, and tertiary industries).

Through appropriate economic policies, the state's macroeconomic intentions in terms of encouragement and restrictions in the areas of industrial structure, product mix, and enterprise organizational structure will be manifested, as will ideas on which industries should be developed and which should be restrained or eliminated. In this way the goals of optimization of the economic structure, accelerated readjustment, transformation of the structure, and promotion of economic development will be achieved. While spontaneous deployment by the "invisible hand" can achieve structural readjustment, it is an extremely slow process and it is necessary to pay a very high price.

3. Handling activities which have obvious external economic results (or negative results).

Through the spontaneous role of the market, unstable economic fluctuations can easily result and give rise to situations where microeconomic or partial results can harm macroeconomic results, and where near-term results can harm long-term results. The environmental pollution and ecological imbalance with which everyone is familiar are typical negative external economic results. Regarding such problems, the market mechanism is powerless and it is left up to the government to take decisions and carry out regulation.

4. Handling the relationship between fairness and efficiency.

The market can only manifest the spirit of equal opportunity in the sense of exchange at equal value. Although this is beneficial to raising efficiency and promoting progress, it cannot truly achieve macro-level fairness. The result of its spontaneous role is inevitably that society will move towards polarization and that a gap will be produced between the rich and the poor. An excessive disparity in income distribution will not only exacerbate social contradictions, but will, under certain conditions, also affect the improvement of economic results. Thus, only if the government engages in regulation and control through the modes of taxation, subsidies, and social welfare will it be possible, at the same time as maintaining rational differences between individual incomes, to guard against the spread and development of unfair distribution, and to truly give concurrent consideration to the two aspects of fairness and economic efficiency.

5. Safeguarding fair competition.

The state should, through legal measures, restrict monopolies and safeguard and encourage fair competition. In particular, it must stress the development of the market,

eliminate market divisions and blockades, and establish and perfect a market order and market rules. The rules of market operation cannot be created by the market itself, and likewise the market is unable to spontaneously eliminate monopolies and prevent speculative activities. The limitations of regulation through the market mechanism mean that the market always has the characteristics of spontaneity, and it is thus easy for disorder and chaos to arise.

In addition, through appropriate, effective intervention and regulation and control, the state should formulate socioeconomic development strategies and formulate industrial policies and technological policies, so as to guide the optimization and upgrading of the industrial structure and the technological structure, promote a fine cycle in foreign economic relations, strengthen education, and promote scientific and technological development. This will also ensure that it does well in terms of population control, rational planning and development of land and other natural resources, and in other long-term development goals related to the national economy and social modernization.

3. Constructing an Indirect Macroeconomic Regulation and Control Mechanism Which Accords With the Demands of the Market Economy

Under market economy conditions, after enterprises enter the market as independent commodity producers and operators, whether we speak of production operation decisionmaking or long-term investment decisionmaking, all enterprises will take market price signals (including interest rates) as their basis for decisionmaking and will take market profit as their operational goal. In other words, enterprises under a market economy system are no longer appendages of state administrative organs, and their production and operation activities are no longer organized by the state in a centralized way. Rather, they exercise their own rights in the market and realize their own interests through their status as independent economic legal persons. As the enterprises have independent rights of autonomy which cannot be violated, the state's macroeconomic regulation and control of socioeconomic life must have as a precondition the recognition and respect of these rights of enterprise autonomy. As enterprises have independent economic interests which are closely linked with the market, the state can only realize effective regulation and control of socioeconomic activities and actions through the market by using the "invisible hand." Thus, macroeconomic regulation and control, which is higher than the market mechanism, while being able to determine and control the general orientation and course of development of the overall national economy, cannot directly fix and specifically arrange the production and operation activities of enterprises and cannot expropriate the autonomous rights of enterprises or harm their economic interests. Rather, it can only implement and realize the goals and intentions of regulation and control through market activities and through using the market mechanism. In addition, under market economy conditions, in deciding volumes of total social supply and social demand and structural balance, it is necessary not only to have a material balance, but also a value balance. Further,

changes in the volumes of total supply and total demand and in the structure are sensitively reflected mainly through the market. Thus, in regulating and controlling social supply and demand the government cannot, like it did in the past, exercise direct control by passing down material targets. Rather, it can only exercise this control indirectly through the market.

Indirect regulation and control of the economy by the government is spoken of relative to direct government intervention in microeconomic units. It means that the government, in accordance with fixed targets and economic development plans, uses financial policies, money policies, income distribution policies, and such measures to influence and to regulate and control the pricing signals and quantitative signals in the market. This is intended to change the market conditions faced by producers, operators, and consumers in the market, so that they proceed from their own interests and make individual choices which are beneficial to the effective deployment of resources.

It is worth noting that in this indirect macroeconomic regulatory and control mechanism, the government regulates and controls the market through policy parameters (such as tax rates, tax types, financial expenditure, volume of money issued, rediscounting rates, deposit reserve rates, open market business, and so on), and in this way, through the market, it realizes indirect macroeconomic regulation and control of the national economy. At the same time, the market signals (prices, interest rates, and so on) are spontaneously formed through the continually changing supply-demand relationships in the market. The government does not directly stipulate or restrict them, but in accordance with the demands of national economic development goals, through the policy parameters which it controls, it can regulate or change the supply-demand relationships and thereby bring about changes to market signals. Under the guidance of these changed market signals, the enterprises correspondingly readjust their own production and operation activities. Clearly, those policy parameters which allow the government's mechanism for indirectly regulating and controlling the macroeconomy to be inputted through the market are those which guarantee the realization of the anticipated values of the national economy development targets. The market gives out market signals to the enterprises which accord with economic development requirements and which are formed through changes within the internal mechanisms of the market brought about under the role of policy parameters. Correct market signals guide the continual flow and reorganization of resources among the various departments, various industries, various enterprises, and various regions, and result in the industrial structure moving toward rationality, resource deployment moving toward optimization, and total economic volumes moving toward balance.

From this, it is not difficult to see that an indirect macroeconomic regulation and control mechanism under a market economy system is greatly different from the direct regulation and control under the traditional system. This is manifested in:

1. In terms of regulatory and control measures, economic measures will play the main role and there will be great attention paid to the use of legal measures. Administrative measures will be limited to a certain scope. We have noted how, in a certain sense, the market economy is an economy based on law. The strengthening of economic legislation, the formulating and perfecting of laws and regulations governing macroeconomic regulation and control, and standardizing microeconomic activities so that in all economic relations, economic activities, and economic actions there is law on which to rely are all essential requirements for a market economy system, and are also important indicators of the maturity of macroeconomic regulation and control.

2. In terms of the target of regulation and control, the management of the value form will constitute the main part. Under market economic conditions, economic activities not only have a material form of movement, but also have a value form of movement. The government will return to the market the task of organizing enterprise production activities through allocating and distributing material quotas, and will put its efforts into managing, regulating, and controlling the value forms. It will also put efforts into realizing individual balances and a comprehensive overall balance between financial income and expenditure, credit income and expenditure, and foreign exchange income and expenditure.

In terms of the contents of regulation and control, policy guidance will play the main part. Through formulating and implementing financial policies, money policies, international balance of payments policies, and income distribution policies, the focus will be on regulating demand. At the same time, through formulating and implementing industrial policies, there will also be regulation of supply.

4. In terms of the process of regulation and control, the basis will be dynamic regulation and control. That is, there will be great attention paid to economic forecasting, information, and consultancy work. Also, various types of information development, collection, research, use, and dissemination systems will be established, while the economic supervisory, warning, and forecasting systems will be improved.

In the process by which our country's economic system changes track from the traditional system to a socialist market economy system, macroeconomic regulation and control modes will also gradually make a transition from direct regulation and control to indirect regulation and control. In realizing this "transition," there is still much more work which needs to be done. We have to look at how we are to deepen economic structural reform, transform government functions, speed the development of the market, strengthen the building of the legal system, raise the quality of the nation, and so on. We can say that when the indirect macroeconomic regulatory and control mechanism is smoothly implemented the socialist market economy system is established.

4. The Major Component of Macroeconomic Regulation and Control Under the Market Economy System—Macro-level Financial Regulation and Control

The task of macroeconomic regulation and control under a market economy system must be jointly carried out by many departments, serving an overall target. Of these departments, the financial departments will play an extremely important role.

In a general sense, following the development of a commodity economy, the finance industry will gradually become the most important supplier of funds for social construction, and will become a major industrial sector of the national economy. The situation in terms of financing funds and the results of financial business greatly affect the operation of the overall national economy. More importantly, the government, through formulating and implementing financial policies, will use deposit rates, re-credit rates, open market rates, scale of credit, and other direct and indirect regulatory and control measures to carry out effective regulation and control of the total volume of social credit and to maintain currency stability. In this way, it will be able to create a stable macroeconomic environment for market economy operations. Thus, many Western economists see financial measures as the main switch for macroeconomic regulation and control.

A socialist market economy is established on the basis of a public-ownership economy. It is an economy which concurrently stresses efficiency and fairness, partial interests and overall interests, and current interests and long-term interests. On the basis of its essential characteristics, as compared with the capitalist market economy, a socialist market economy should more actively, more dynamically, and more consciously utilize macroeconomic financial regulation and control measures, create or maintain a fine macroeconomic environment and macroeconomic order, and promote the sustained and stable development of the national economy. In brief, developing a socialist market economy and carrying out macroeconomic regulation and control means that it is necessary to put macro-level financial regulation and control in a more important and prominent position.

1. The basic target model for macro-level financial regulation and control under a market economy system.

Proceeding from the basic characteristics and objective requirements of the socialist market economy, and in the light of our country's concrete national conditions, the basic situation and target model for macro-level financial regulation and control are:

(1) The central bank will become the macro-level financial regulation and control entity in which government functions and enterprise functions are separated and roles are clearly distinguished.

Regardless of whether the government is using finances to engage in regulation and control of the overall national economy or engage in regulation and control of the finance industry itself, it should implement measures through the central bank. The central bank will, on the one hand, through different regulation and control measures, control money supply, regulate money demand, maintain the

stability of the currency, guard against inflation, and thereby guarantee basic macroeconomic stability. On the other hand, through guidance, management, supervision, coordination, and serving the finance industry, and by using policies and laws to standardize the various financial activities, it will maintain the healthy operation of the finance industry. To this end, we must resolve problems in the following areas well:

—We must put in order the relationship between the financial administration and the central bank, sever the natural relationship between financial deficits and the issue of money, and establish a macroeconomic regulation and control mechanism in which there is mutual coordination and balancing between the central bank and the financial administration. In particular, it is necessary to avoid a situation where the requirement for credit funds forces the banks to put an excessive amount of money into circulation, thereby weakening or canceling out the macro-level financial regulation and control strengths of the central bank.

—We must strengthen the relative independence of the central bank. The central bank, apart from being independent from the financial administration, must also be independent from the various levels of local government. The government must ensure that the central bank has rights and responsibilities and can independently formulate and implement money policies and independently use credit funds. It should not excessively intervene in the bank through administrative means, but should let the central bank truly take on the major responsibilities of macroeconomic regulation and control.

—We must purify the functions of the central bank, prevent the central bank from acting as an enterprise, and ensure that the central bank is solely engaged in and responsible for the task of macro-level financial regulation and control.

—We must get rid of excessive and difficult-to-implement macro-level financial regulation and control functions of specialized banks. Under the preconditions of the specialized banks deciding on their own operations, taking sole responsibility for their own profits and losses, assuming their own risks and achieving their own funds balance, the banks should mobilize and utilize funds in accordance with performance standards and risk restraints, so that they truly become financial organs dealing in money, and their market competitiveness is continually strengthened.

(2) The central bank should take the market as its basis in carrying out macro-level financial regulation and control.

The market economy is a highly socialized and highly marketized commodity economy, an economy in which the market plays a basic role in the deployment of resources (including funds). Thus, under a market economy system, the macro-level financial regulation and control must also be established on the basis of the market, be centered on the market and be carried out through the market.

Seen from the angle of the economic operational mechanism, the market mechanism is a functional mechanism which embraces all links of production, distribution, exchange and consumption under market economy conditions. It can run through the whole process of social reproduction and economic operation and the basic reason for this is that it manifests those economic interests relationships which are extremely sensitive and about which people are most concerned. Thereby, it ensures that the economic actions of all market entities are subordinated to the interests orientation which is manifested in the market and can be concretely realized. Through the supply and demand fluctuations in the market the competition between producers and operators and the choices of consumers, it is possible to ensure that limited resources are reorganized to where there is strongest competition, high efficiency, and good performance. Thus, when the market system is complete, the market mechanism is healthy, and market development is mature, in macro-level financial regulation and control the central bank need only ensure that it takes the market as its base in order to obtain double the results with half the effort. Otherwise, the bank will lack a reliable basis for regulation and control and there will be a great deal of subjective arbitrariness and blindness. This will give rise to deviation from the regulatory and control targets and result in the anticipated goals not being realized. Thus, regardless of how many macro-level financial regulation and control forms and measures the central bank employs, all must take full consideration of the operational requirements of the market itself, and consider the environment for, and characteristics of, the role of the law of value.

To this end, in accordance with the current situation of our country, we need to resolve problems such as the formulation of financial plans having to take the market as its objective basis, of them having to be transmitted by the market, and establishing planned regulation on the basis of utilizing and respecting the law of value. In addition, we also need to handle well a series of problems related to this, such as the availability of funds, the marketization of interest rates, the formation of a unified national finance market, the negative effects on the role of the law of value produced by supra-economic privileges in the market (such as the unequal positions in the market and the income differentials between financial organizations under different ownership systems), and so on.

(3) The central bank should coordinate the use of diverse regulatory and control modes and regulatory and control measures, but should use indirect regulation and control as the main part.

The modes and measures by which the central bank can carry out macro-level financial regulation and control are diverse and disparate, and they include administrative, legal, and economic measures. The first two basically come under direct regulation and control, while the latter type is generally indirect regulation and control. They all have uses and advantages and also all have their limitations. Only through using them in a coordinated way will it be possible to produce a quite good overall regulatory and control effect.

The experiences of the developed countries show that the use of direct regulation and control and indirect regulation and control have seen certain emphases and certain differences in different stages of development of the market economy. Only when the market mechanism and the market organizational, coordination, and feedback functions have been gradually perfected, the market economy and degree of market development been gradually improved, and market management systems and related laws been gradually perfected will the opportunity be ripe for the central bank to mainly use indirect regulation and control. Thus, following the development of the market economy from a low level to a high level and from an undeveloped stage to a developed stage, macro-level financial regulation and control will switch from mainly direct regulation and control to mainly indirect regulation and control.

2. Transforming macro-level financial regulation and control mechanism in accordance with the demands of development of the market economy will require time and cannot be done without patience.

It should be affirmed that the transformation of the macro-level financial regulation and control mechanism to the target model noted above is an inevitable trend in developing a socialist market economy, and is independent of man's will. However, this transformation is also a progressive and gradual historical process. Unfortunately, not everyone has been able to recognize this point. For example, in establishing and perfecting the indirect regulation and control measures of the central bank, many people have advocated that we adopt the so-called "three magic weapons" frequently used by central banks in Western countries. The "three magic weapons" are certainly very important and very effective macro-level financial regulation and control measures in Western countries, but the use of such weapons is conditional. If we take open market business as an example, its precondition is that the central bank must hold quite a volume of negotiable securities and use these as trading tools. It is also required that there is a quite deep, wide, and elastic securities market (especially a state bonds market). At the same time, the central bank must also have a certain capacity and skill for manipulation, and so on. Clearly, these conditions are not yet available or not yet completely available in our country. Thus, the policy measures of open market business will be difficult to implement and it will be difficult for this to play a role in our country. Overlooking this point, being over-anxious for success and blindly advocating that financial regulation and control on the macro-level be transferred from direct to indirect regulation and control, and from a "planning-guided form" to a "market-guided form" could easily produce a vacuum and loopholes in macro-level financial regulation and control and lead to a macroeconomic loss of control.

3. Deepening reform, creating conditions and continually perfecting a macro-level financial regulation and control mechanism.

Stressing a gradual changeover in the mode of macro-level financial regulation and control does not mean that we should do nothing in this respect. Quite the contrary. Through the continued deepening of economic structural

reform and the further expansion of opening up to the outside, we should promote the development of the socialist market economy and speed the process of transformation of the macro-level financial regulation and control model.

First, the central bank, as a macro-level financial regulation and control entity, apart from strengthening its independence and autonomy, must also strengthen its macro-level regulation and control functions: 1. The scope of macro-level regulation and control by the central bank should be expanded from mainly managing the credit issued by the specialized banks to controlling the total volume of credit in the economy. Also, in coordination with the other economic departments, it must do well in comprehensively balancing and regulating production and consumption, money and goods. 2. The central bank must change from mainly managing credit and cash plans to monitoring the whole process of economic activities and reproduction in society. 3. The central bank must clearly make a stable currency the primary target in its monetary policies. 4. The central bank must strengthen the building of information systems, perfect the monetary supervision statistical monitoring system, and establish and perfect a monetary policy warning system and an examination and supervisory system.

Second, regulation and control over basic money must be strengthened and the funding of fiscal deficits and key fund requirements should be increasingly done through the market. The central bank should maintain a high degree of asset fluidity and, in accordance with the rational demands of money supply for economic development, use the market mechanism to flexibly put money into or take it out of circulation.

Third, we must further strengthen the market orientation of financial reform and push microeconomic financial entities constituted by financial enterprises towards the market, guide funds towards the market, and realize the commoditization of funds. In this way, the operational activities and credit fund operations of specialized banks will be based on the law of value and supply/demand relationships, and the "planned supply of funds" will be changed into "deployment through the market".

Fourth, we must actively foster and develop a securities market and in the near-term and we must put great efforts into developing and standardizing a state bonds market.

Fifth, we must create conditions, actively experiment and improve and perfect the measures and methods for indirect macro-level financial regulation and control, including marketizing interest rates, gradually implementing a system of multi-grade deposit reserve funds, expanding re-discounting business, experimenting with open market business, and so on.

Sixth, as related measures, we must change enterprise operational mechanisms, transform government functions, deepen structural reform in the financial, pricing, investment, and planning spheres, and continually optimize the external environment for the transformation of macro-level financial regulation and control mechanisms.

Wu Yi on Foreign Trade System Reform

HK2412000693 Beijing GUOJI SHANGBAO in Chinese
11 Dec 93 p 1

[By reporters Zheng Zhihai (6774 1807 3189) and Lu Gang (0712 0474): "Minister Wu Yi on Reform of Foreign Economic and Trade System"]

[Text] Next year China will take a major step in reforming its foreign economic and trade system and will promulgate a reform bill and a series of supportive measures. On this matter Minister Wu Yi said excitedly: This is a new mechanism the CPC Central Committee and the State Council gained by grasping the nettle at a great cost, and this is also something we have yearned for day and night. Reform of the foreign economic and trade system will proceed hand in hand with the reforms of financial, taxation, banking, and planning systems. Given such a comparatively liberal environment, if we cannot make further progress in the export business, we "will feel ashamed to see the people of our home town again [wu yan jian jiang dong fu lao 2477 7346 6015 3068 2639 3637 5071]."

Wu Yi said: The "Decision of the CPC Central Committee on Issues Concerning the Establishment of a Socialist Market Economic Structure" (hereafter referred to as the "Decision" for short) adopted by the Third Plenary Session of the 14th CPC Central Committee has clearly required foreign trade organs to "adhere to such principles of reform as unified policy, liberalized operation, equal competition, responsibility for their own profits and losses, the integration of industry and trade, and the promotion of the agent system." The national conference on economic work has made overall arrangements for reform of the foreign economic and trade system next year. We must deepen reform of this system to set up operational mechanisms which meet the demands of developing a socialist market economic system and which are suited to the rules and customs common in international economic activities.

The key task of reforming the system next year will be introduction of a unified foreign exchange settlement system. We should set up a single floating exchange rate system for renminbi based on market needs and subject to control, and should enable foreign trade enterprises to get away from their responsibility for delivering foreign exchange to the central government with or without compensation. Wu Yi said: Such measures will create a better environment for equal competition between state-owned foreign trade enterprises and other enterprises. They will also help enterprises change their operational mechanisms and help the state regulate foreign economic activities through the exchange rate in a more effective way.

How to give effect to the reform bill of the foreign economic and trade system? Wu Yi pointed out: First of all, we should improve macrocontrols over the import and export trade. From now on, we will regulate foreign economic activities by such economic means as the exchange, tax, and interest rates. The total import and export volume, collection of export proceeds, and use of foreign exchange for importing foreign goods will be controlled through guidance planning rather than through

mandatory planning, as was the case in the past. The system of reimbursement of indirect tax to the exporters will be perfected. Beginning next year, this will be solely handled by the central government. All localities and enterprises must act according to regulations and improve management to ensure that indirect tax will be reimbursed to the exporters in full. In the meantime effective measures should be taken against those who try to get reimbursement in a deceitful way. It is necessary to carry out a credit policy aimed at encouraging export. The state will abolish financial allowances for a few imported items next year and will introduce the agent system.

Second, it is necessary to further liberalize import and export businesses in an orderly way. Mandatory plans will be abandoned. Other than a few import and export items which should be placed under unified management, other commodities should be decontrolled. Control should be exercised in different ways over those commodities whose import and export are subject to the quota and license systems in light of different conditions. In handling quotas of import and export commodities, the bidding, auction, and formula allocation of quotas will be run in accordance with the principles of ensuring economic returns, fairness, and openness. The bidding system will also apply to the granting of export promotion loans. The qualification of enterprises entering bids must be carefully examined. Relevant laws and regulations as well as specific measures for their implementation should be formulated as soon as possible. The relevant import and export chambers of commerce should be held responsible for specific implementation of laws and regulations, supervised by the Ministry of Foreign Trade and Economic Cooperation.

Efforts will be made to grant to qualified manufacturing, commercial, and materials-supplying enterprises and scientific and technological units the right to handle foreign trade. The Ministry of Foreign Trade and Economic Cooperation should grant the right according to the regulations, provide better service, and raise efficiency. It is necessary to limit the number of foreign trade companies which only engage in circulation, to maintain normal business order.

Third, it is essential to deepen reform of the foreign economic and trade system, reorganizing state-owned foreign trade enterprises in the light of the modern enterprise system. In accordance with the guidelines laid down in the "Decision," we must continue to earnestly enforce the "Law Concerning Industrial Enterprises Owned by the Whole People" and the "Regulations on Changing the Management Mechanism of Industrial Enterprises Owned by the Whole People" to establish a modern enterprise system which meets the requirements of the market economy and in which property rights as well as the rights and responsibility of enterprises are clearly defined, government administration and enterprise management are separated, and scientific management is established. We should make the same demands on foreign trade enterprises. To change their operational mechanisms, foreign trade enterprises should change their ideology and concepts, turn themselves from enforcers of state plans into managers of import and export commodities, develop themselves through equal competition in the market rather than continue to monopolize business and rely on state

policies for their existence, integrate trade with industry, agriculture, technology, and commerce, introduce the agent system, and develop a number of internationalized, industrialized, and comprehensive trading companies. Qualified foreign trade enterprises should gradually develop into general trading companies. In the meantime, some big manufacturing enterprise groups or foreign-invested enterprises should gradually develop into transnational corporations integrating trade with industry, agriculture, and technology. A system of job responsibility, a mechanism for checking and supervising financial operations, and a system of ensuring ideological and political education will be set up or strengthened. It is also necessary to set up enterprises which are truly responsible for their own management decisions and profits and losses and which practise self-restraint and develop on their own initiative. We should constantly improve audit work of foreign trade enterprises.

We should further explore ways to enable public ownership to increase the cohesiveness of state-owned foreign trade companies and to arouse worker enthusiasm. It is necessary to strengthen control over state-owned property in foreign trade enterprises. After making an inventory and check of the stockpiles and capital of enterprises, we should delegate rights to enterprises, as legal entities, over state assets and hold them responsible for maintaining and increasing the value of the state-owned assets. We should set up joint-stock foreign trade enterprises on a trial basis, with stress on limited liability companies or on a few limited liability stock companies raising funds from particular sources. Enterprises should set up or improve supervisory mechanisms and large and medium foreign trade enterprises should set up boards of supervisors.

We should formulate a set of scientific and perfect regulations for managing our overseas enterprises, requiring these enterprises to operate in accordance with local laws and the rules and customs common in international economic activities and to work hard to increase economic returns. We should reform the wage system of our overseas enterprises, abolishing egalitarianism and the practice of "eating from the same big pot." In the meantime, we should set up rigid systems of managing assets and of supervising financial operation.

Fourth, it is necessary to pursue unified foreign trade policies nation wide and keep the public aware of the government's policy-making processes. Pursuing a unified foreign economic and trade system and policies, exercising unified control over foreign trade, and putting only one unit in charge of performing international duties are objective requirements for setting up a unified national market and also one of the standards of international trade. From now on, we will only carry out laws, statutes, and policies formally published by the government. All parties concerned are expected to conscientiously maintain the unity and inviolability of the government's foreign trade policies and no one is allowed to have his own way.

Fifth, it is necessary to strengthen macro coordination and control and keep foreign trade in good order. Liberalizing operation in no way means letting things drift; neither does allowing enterprises to make their own management decisions mean exercising management free from any restraint.

We should join forces with customs, commodity inspection departments, and departments responsible for industrial and commercial administration to improve the management order in a comprehensive way by formulating a set of regulations for strengthening control. On the basis of thorough studies and investigations, we should make concentrated efforts to deal with problems concerning key commodities and markets. We should further give play to import and export chambers of commerce, improve their coordinative mechanisms, and create a set of working systems. Chambers of commerce should advance their prestige by keeping foreign trade in good order, defending member interests, and seeing to it that enterprises operate according to law.

Sixth, it is necessary to evaluate experience, improve policies, and use foreign capital in a more active and effective way. Efforts should be made to improve the investment environment, widen the area of investment, and guide foreign investment in the right direction in accordance with the state's industrial policies. Foreign investment will be channeled into such key areas as infrastructure facilities, basic industries, new and high-tech industries, and the technological transformation of old enterprises. The establishment of export-oriented enterprises will be encouraged. We should also persuade foreign businessmen, especially large enterprises and transnational companies, to invest in new and high-tech projects in China and open certain domestic markets to them. At present, there is all the more need to make existing foreign-funded enterprises a success so they will play an exemplary role. We should see to it that foreign capital is injected into projects for which contracts have been signed and that the projects go into operation as scheduled. We should build a number of typical projects to set an example and to give publicity to our foreign investment policy. The Ministry of Foreign Trade and Economic Cooperation as an organ responsible for centralized management should cooperate with relevant departments under the State Council and share out the work among them so that foreign capital can be utilized in a more effective way and on a larger scale.

And seventh, it is necessary to change the way of providing aid to foreign countries. In the future, we will mainly help recipient countries to set up medium-sized or small productive enterprises as well as train qualified personnel. We will try to promote economic development in recipient countries by integrating foreign aid with cooperation on a mutually beneficial basis and by setting up wholly owned, joint-ventured, and leasing enterprises there. It is necessary to improve the bidding system for projects in aid of foreign countries and to improve the quality, efficiency, and economic returns of such projects.

Wu Yi finally said: Deepening the reform of the foreign economic and trade system is one of the most important tasks for next year. Only through deepening reform, can China's foreign trade be elevated to a new level. Therefore we must formulate necessary measures and meticulously apply them in accordance with the State Council's unified arrangement so that reform will proceed without a hitch.

Foreign Exchange Rate Unification Planned

OW2512122093 Tokyo KYODO in English 1150 GMT 25 Dec 93

[Text] Beijing, Dec. 25 KYODO—China plans to unify its existing dual foreign exchange rates into a single system next spring, a senior Chinese financial official said Saturday [25 December].

The official, who remained anonymous, said the government will first phase out its foreign exchange certificates (FECs), scrip used by foreigners in China.

Vice Premier Zhu Rongji originally issued an instruction to enforce a single exchange system on January 1 but put off the switchover until late March or early April because preparation time is needed, the official said.

At present, dual exchange rates are set by the government.

Under the standard rate, the U.S. dollar equals about 5.7 yuan.

But the dollar is valued at about 8.7 yuan at the foreign exchange adjustment centers, where foreign companies operating in China and Chinese companies doing business abroad can exchange currencies.

Major confusion in the process will be avoided by collecting the FECs over a six-month period, the official said.

The official said interbank trading in foreign currencies will be allowed after the single system is implemented.

Gaoji Strait Bridge Passes Government Inspection

OW2212160693 Beijing XINHUA in English 1517 GMT 22 Dec 93

[Text] Xiamen, December 22 (XINHUA)—A bridge across Gaoji Strait in south China's Fujian Province was checked and accepted by the government here today.

The 6,695-meter-long and 23.5-meter-wide bridge links Xiamen Island and the mainland. Its construction started in January 1988 and it was completed in April, 1991. Chinese senior leader Jiang Zemin inaugurated the bridge that year.

Involving a total investment of 157 million yuan, the construction of the bridge utilized some advanced techniques and technology. It is also the most advanced bridge in the country.

The bridge is the first one in China designed and built after inviting bids.

Water, Soil Conservation Project Promotes Economy

OW2212110293 Beijing XINHUA in English 1040 GMT 22 Dec 93

[Text] Lanzhou, December 22 (XINHUA)—A key state project to control water and soil erosion on the upper reaches of the Chang Jiang has paid off in terms of both economic development and environment protection.

This was disclosed at a working conference in this capital of northwest China's Gansu Province.

According to the meeting, since the project was launched in 1989 it has benefited 152 counties in Yunnan, Guizhou, Sichuan, Gansu, Shaanxi and Hubei Provinces.

To date, the project has harnessed a total of 26,300 sq [square] km of eroded soil.

Meanwhile, more than 650,000 ha of forests and 235,000 ha of fruit trees have been planted in this area, and nearly 200,000 ha of terraced fields have been built.

The upper reaches of the Chang Jiang, China's longest river, cover an area of one million sq km, of which more than one third has long suffered from erosion due to excessive deforestation.

Severe water loss and soil erosion have greatly damaged the ecological environment and led to frequent natural disasters, not only hindering local development, but also posing a severe flood danger on the lower reaches of the river.

In 1989 the central government earmarked funds for a large-scale conservation project which plans to control about 190,000 sq km of land, or 54 percent of the total eroded area on the upper reaches of the river, by the year 2010.

The latest survey shows that green-covered land has increased by 10 percent while eroded soil has shrunk by 70 to 80 percent. Now, the improved fields yield 660,000 tons more grain.

At the same time, trees and orchards planted on the improved soil have brought more profits to local people.

Over the past five years nearly 70,000 ha of fruit trees have been planted in 82 counties and cities in Sichuan Province, earning 100 million yuan (about 17 million U.S. dollars) a year.

East Region

East Regions See Scientists Join Market Economy

OW2512095793 Beijing XINHUA in English 0754 GMT
25 Dec 93

[Text] Nanchang, December 25 (XINHUA)—China's development of its market economy has drawn more and more interest of scientific workers.

A survey shows that about 200,000 scientists and technicians in east China have transferred from research institutions to production units or held a concurrent post at an enterprise last year.

By putting research findings into production, these scientific workers generated direct economic returns totalling some 10 billion yuan in 1992.

East China consists of Shanghai municipality, and Jiangsu, Zhejiang, Shandong, Anhui, Jiangxi and Fujian Provinces, an area rich in scientific resources and with better economic foundation than many parts of China.

Under the central planned economy, scientific workers used to limit themselves to study and develop research projects at institutions assigned by the state. They paid little attention to whether their research findings were applied in practice.

Encouraged by the government in the on-going national reform and opening further to the outside world, scientific workers have come to see the importance of combining research findings with production.

According to the survey, Shanghai and Jiangsu alone have more than 6,000 companies jointly run by scientific institutions, industrial enterprises and foreign trade departments, and 20 percent of the scientists and technicians in east China have engaged in the development of new products in line with the needs of enterprises.

After fulfilling the state task of scientific projects, many scientists voluntarily cooperate with production units in helping them to tackle technical problems and contribute more to society.

Anhui Notes 'Great Success' in Reform, Opening Up

OW2712125893 Beijing XINHUA in English 1221 GMT
27 Dec 93

[Text] Hefei, December 27 (XINHUA)—East China's Anhui, a landlocked province flanked by the Chang Jiang River, has achieved great success in reform and opening up by making use of its geographic advantages.

Since the beginning of this year, Anhui has accelerated the pace in building it into an economic belt along the Chang Jiang River. Its efforts have been encouraged by the central government which recently decided to extend the focus of economic development from the eastern and southern coasts to the inland areas along the Chang Jiang River.

An economic belt along the Chang Jiang River, including major cities in Anhui Province, has taken shape. Development zones in Hefei, the provincial capital, and in Huangshan city are expanding.

To foster the opening drive, the province has opened three ports and an airport in Huangshan.

It is expected that the volume of export goods handled at ports and harbors of the province will reach 170,000 tons this year, overfulfilling the state-set plan on foreign trade.

The province has also made tremendous progress in its use of foreign investment.

Statistics show that this year the province approved the establishment of 1,000 foreign-funded enterprises, with agreements involving more than 600 million U.S. dollars in foreign investment.

Foreign-funded firms imported advanced technology and equipment worth 300 million U.S. dollars, seven times the figure of last year.

The quick development of foreign-funded firms has brought about a steady increase in Anhui's imports and exports.

By the end of November, the province's foreign trade shot up by 25.7 percent to 1.16 billion U.S. dollars.

Various economic and technological development areas are also expanding in the province.

Thirteen development zones have been approved by the State Council and provincial government. Statistics reveal that 130,000 overseas tourists will visit the province this year, which will yield 13 million U.S. dollars in direct earnings.

Anhui has also set up economic and trade relations with 151 countries and regions, according to the officials.

Fujian To Quadruple Gross Domestic Product

OW2612173993 Beijing XINHUA in English 1259 GMT
26 Dec 93

[Text] Fuzhou, December 26 (XINHUA)—Southeast China's Fujian Province will be able to quadruple its 1980s gross domestic product (GDP) to reach 82 billion yuan (calculated on 1990 constant price) by the year's end, said Governor Jia Qinglin.

Jia said the objective, which is based on the 1980 gross product figure, was achieved seven years ahead of the original schedule.

He said the province's gross output value in agriculture is expected to reach 31 billion yuan, while industrial gross output value will hit 123 billion yuan, an increase of 5.8 percent and 35 percent, respectively.

Fujian reaped a good harvest this year. Rural enterprises are growing rapidly, registering 100 billion yuan in gross output.

Per capita income is 2,400 yuan in urban areas and 1,142 yuan in rural areas, up 15 percent and 16 percent compared to the figures last year.

The province exported goods worth 5.7 billion U.S. dollars. Overseas investment reached 2.8 billion U.S. dollars, according to Jia.

Jiangsu Opens Economic Development Zone

*OW2712075493 Beijing XINHUA in English 0737 GMT
27 Dec 93*

[Text] Nanjing, December 27 (XINHUA)—East China's Jiangsu Province has opened an economic development zone in Jiangdu, a county marked by striking economic progress over the past years.

Authorities at Jiangdu plan to develop 11.01 square kilometers in the zone.

According to Guo Peichen, chairman of the zone's administration, construction of infrastructural facilities at the zone has been completed. The area has already drawn the interest of diverse high-tech companies, which are streaming into the zone to select sites for their projects.

A number of office buildings, workshops and apartment buildings have been completed ahead of schedule.

Jiangsu 'Speeding Up' Farm Modernization Drive

*OW2312143193 Beijing XINHUA in English 0759 GMT
23 Dec 93*

["Roundup": "Jiangsu Speeding Up Drive for Farm Modernization"]

[Text] Nanjing, December 23 (XINHUA)—East China's Jiangsu Province is accelerating its drive for agricultural modernization through developing scale production.

The province is doing this at a time when in most parts of rural China the resources of a single farmer are the mainstay of agricultural production.

In south Jiangsu, a large population and limited arable land and highly developed rural enterprises have made some farmers abandon the land and work in rural enterprises. Most of the farmers are engaged only part-time in farming.

To meet the new situation, in 1987, local governments began to allow, then to encourage, farmers who did not want to continue on the land to transfer their rights to a farm management through family or collective farms.

Official figures show that in Suzhou, Wuxi and Changzhou, more than 33,000 ha of land were being managed on a large scale by over 8,200 family or collective farms by the end of this autumn, four times and double the figures in 1990 respectively.

In Kunshan City, by the end of October this year, the number of large-scale production farms amounted to 855, and 6,180 ha of land had been contracted, accounting for 15 percent of the total land area in its rural areas.

Scale production has greatly spurred on the mechanization of agriculture and the construction of farm and water conservancy.

In 1992, a total of 865 million yuan (about 149 million U.S. dollars) was invested in Suzhou and Wuxi's rural

areas, used to purchase advanced agricultural machines and construct farm and water conservancy works, up by 81 percent from 1991.

The rate of mechanization in ploughing, sowing, harvesting and afforestation has reached some 85 percent in most of the family and collective farms this year.

In the meantime, local governments have set up and improved a series of supporting agricultural service systems, for raising, using and supervising money.

According to official sources, 77 percent of the money raised comes from the rural enterprises, 15.3 percent from the government and 7.4 percent from farmers.

In addition, farms, especially family farms, are granted priority in purchasing advanced machines and getting loans from banks.

Moreover, the management of land on a large scale has created more opportunities to market farm produce.

The agricultural modernization drive, with scale production as its core, has resulted in remarkable progress in land and labor productivity as well as farmers' individual incomes.

In 1992, an average grain output of some 22,995 kg per farmer was achieved in 33 demonstration villages in the province, 19 times more than that of part-time farmers. The average annual income per capita reached 6,593 yuan (about 1,137 U.S. dollars), 2.4 times that of part-time farmers.

The market-oriented economy has made products produced in the family and collective farms enjoy good sales on the domestic and international markets.

Last year, most of the towns and villages in south Jiangsu began to lay down and carry out overall agricultural development programs, which include construction of permanent modern farm reserves, village industrial centres, rural residential quarters and communal facilities.

Shandong's Qingdao Port Opens Six New Berths

*OW2712033593 Beijing XINHUA in English 0205 GMT
27 Dec 93*

[Text] Qingdao, December 27 (XINHUA)—Six new berths were formally opened to vessels at the Qingdao Port in east Shandong province Sunday [26 January], with the completion of the first phase of port expansion work.

The six berthes, including two for coals, two sundry goods, one timber and one multi-purpose, will be able to handle 17 million tons of goods a year, said officials from the port authority.

With the opening of the new berthes, the officials said, annual handling capacity of the qingdao port would be raised to 68 million tons.

The first phase of the expansion work, which involves the building new berthes totalling 1,490 m [meters] long, has been a key project on the Seventh (1986-1990) and Eighth Five-Year Plans (1991-1995).

The work was launched in October 1987 with a total investment of 699 million yuan plus 26.12 billion Japanese yen.

Senior Chinese leaders such as Jiang Zemin, Li Peng and Zhu Rongji had visited the port site and showed great concern over the construction work, the officials said.

The construction work, undertaken by companies from the Ministry of Communications and the Ministry of Railway was assessed to be "excellent" by experts.

Auxiliary facilities to the new port area, including an in-port rail line, a sewage processing plant and telecommunications and power systems, were put into operation simultaneously.

Shanghai Secretary Addresses CPC Plenum

OW2412023693 Shanghai People's Radio Network in Mandarin 1000 GMT 22 Dec 93

[From the "News and Weather" program]

[Text] The Second Plenary Session of the Sixth Shanghai Municipal CPC Committee was held in the Shanghai Exhibition Center from 20 to 22 December. Wu Bangguo, member of the CPC Central Committee Political Bureau and secretary of the Shanghai Municipal CPC Committee, delivered an important speech at the meeting, entitled: "Work under the Guidance of Comrade Deng Xiaoping's Theory of Building Socialism With Chinese Characteristics To Accelerate Reform and Development, and Strive To Create a New Situation in Shanghai's Work."

Huang Ju, deputy secretary of the municipal party committee and mayor of Shanghai, made a report on Shanghai's arrangements for implementing the guidelines of the national conference on economic work.

The main themes of discussion at the meeting were: Further studying Volume 3 of the *Selected Works of Deng Xiaoping* and the Decision of the Third Plenary Session of the 14th CPC Central Committee; working under the guidance of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics to emancipate the mind and unify understanding; summing up this year's work and putting forward the guiding principles of next year's work; and mobilizing all CPC members and people in Shanghai to seize the opportunity to accelerate reform and development, to strive to make a breakthrough and take the lead in building the operating mechanisms of a socialist market economy, and to work hard to maintain the good trend of sustained, rapid, and healthy development [chi xu kuai su jian kang fa zhan] of the economy.

Shanghai Develops Market-Oriented Agriculture

OW2512095593 Beijing XINHUA in English 0743 GMT 25 Dec 93

[Text] Shanghai, December 25 (XINHUA)—Farmers on the outskirts of this city are offering over 500 varieties of farm, livestock and aquatic products for sale to meet the requirements of consumers.

Vegetables, pheasants, turkeys, bullfrogs and snails introduced from foreign countries and grown and raised in

Shanghai are available at local markets in this populous city, which is China's largest economic center.

A municipal official in charge of agriculture said that the Shanghai area's five million farmers have concentrated on scientific farming as well as setting up rural enterprises in accordance with the market economy in recent years.

They produced 2.1 billion kilograms of grain this year, generating products sold for more than 30 billion yuan.

The official said that the city plans to raise farm output from the present 12,000 yuan per hectare to 13,500 yuan per hectare next year.

Zhejiang Party Committee Secretary Reelected

OW2412101193 Beijing XINHUA Domestic Service in Chinese 0901 GMT 24 Dec 93

[By reporter Luo Guojun (7482 0948 7486)]

[Text] Hangzhou, 24 Dec (XINHUA)—Li Zemin was elected secretary of the Zhejiang Provincial CPC Committee at the first plenary session of the Ninth Zhejiang Provincial CPC Committee today.

The meeting also elected Wan Xueyuan, Liu Feng, Chai Songyue, and Lu Zhangong as deputy secretaries of the Zhejiang Provincial CPC Committee.

The meeting also approved the office of Wang Qichao [3769 0366 6389] as secretary of the Discipline Inspection Commission of the provincial party committee as well as the offices of Zhu Yaozu [4376 5069 4371], Shen Lei [3088 7191], and Zhang Meifeng [1728 5019 7685] as deputy secretaries of the commission.

Zhejiang Revitalizes State-Owned Enterprises

OW2412093893 Beijing XINHUA in English 0800 GMT 24 Dec 93

[Text] Hangzhou, December 24 (XINHUA)—A survey in east China's Zhejiang Province shows that the state-owned industrial enterprises are notching up [as received] good growth due to reforms in their management.

Figures show that during the first three quarters of the year, output value of the province's state-owned industrial enterprises increased 16.1 percent over the same period last year.

At the same time, their profits increased 33 per cent, despite the rise in the cost of energy, raw materials and transport.

In a bid to adapt the enterprises to the demands of building a socialist market economy, the province is making great efforts to change their way of operation, and 30 enterprises have been chosen as pilot ones for the switch.

The changes in management mainly feature reforms such as adopting a share-holding system, absorbing foreign funds, selling property rights, organizing enterprises groups and leasing operations.

The province has approved the setting up of 116 share-holding enterprises with fixed assets of some 7.2 billion yuan, and 859 limited companies as well.

The reforms also cover worker and staff employment, salary distribution, management constitution and pension and unemployment insurance.

Government departments at all levels are continuing to give more liberty to the enterprises' managers. Now, the output value of the province's industrial production under mandatory plan accounts for less than three percent of the province's total.

To facilitate the enterprises' switch of management, the government is taking an active part in fostering markets for raw materials, capital, technology, labor, property rights, information and consultancy services.

Zhejiang's Electronics Industry Reports 'Increase'
OW2712033693 Beijing XINHUA in English 0215 GMT 27 Dec 93

[Text] Hangzhou, December 27 (XINHUA)—East China's Zhejiang Province has reported a 30 percent increase in its electronics industry for the third year running.

The value of production will hit 7.2 billion yuan this year.

Officials from the provincial electronics industry corporation said the past decade has seen electronics growing into a large independent industry in the province, employing some 90,000 workers in 316 enterprises.

Compared with a scant one million U.S. dollars-worth in 1980, the province's export of electronics products had rocketed to 118 million U.S. dollars-worth by 1992, according to the officials.

The province has become one of China's major producers of telecommunications products, varying from digital exchanges, mobile phone and micro-wave systems to fax and cordless phones.

Its computer industry has survived fierce competition to become a prosperous sector, thanks to the priority given to the needs of customers and the application of new technologies.

While its sales of personal computers will reach 10,000 sets this year, the officials said, the province's production of industrial process control computers, cash registers and bar code monitors are also increasing rapidly.

The province has also been a pioneer in the development of new technologies in consumer electronics, including big-screen and high fidelity TV, digital stereo systems, household satellite dishes, and intelligent and remote-control household electrical appliances.

On the other hand, the application of electronic technologies unto traditional industries is bringing about an upgrading to these departments and creating tremendous economic returns, the officials noted.

The province has so far successfully applied computer control technology to cement production, urban water supply, electricity supply, paper manufacturing, textiles, machinery and many other fields.

According to the officials, the area along the expressway linking the province with Shanghai, and the cities of

Hangzhou, Ningbo, Wenzhou and Jiaxing will be built into an electronics industry base. [sentence as received]

Zhejiang Bank Branch Outlines Use of Donations
OW2712095293 Beijing XINHUA in English 0905 GMT 27 Dec 93

[Text] Hangzhou, December 27 (XINHUA)—In east China's Zhejiang Province, those who have supported the "Hope Project" have been informed about the success of their donations in helping the educationally disadvantaged.

The Zhejiang branch of the People's Bank of China outlined the ultimate outcome of donations recently after conducting a week-long audit of donations obtained during the two-year-long "Hope Project".

The bank said the donations have greatly aided school dropouts in returning to school.

The "Hope Project" was set up by the China Youth Development Foundation in 1989 to help dropouts in poverty-stricken areas return to school.

According to official statistics, banks in Zhejiang Province received some 4.9 million yuan (about 845,000 U.S. dollars) in donations for the "Hope Project".

The result of the recent audit showed that 27,990 poor children in 37 counties have benefited from the donations.

In addition, six primary schools have been established in the province, three of which have already opened.

"The 'Hope Project' is a public good deed of great significance. We must set up a strict management system governing the project to ensure that every child in need gets help," said Wang Huizhong, provincial secretary of the Communist Youth League.

According to Wang, organizers of the "Hope Project" in Zhejiang have laid down 25 rules and regulations governing the management of donations.

Wang also said that the project will go forward and that a supervising committee will be set up soon, composed of members from all sectors of society.

Central-South Region

Guangdong Targets 1998 for 'Initial' Market Economy

HK2412120893 Guangzhou Guangdong People's Radio Network in Mandarin 1000 GMT 23 Dec 93

[Text] The Third Plenary Session of the Sixth Guangzhou City CPC Committee ended this afternoon after a three-day meeting. The session examined and ratified several proposals of the Guangzhou City Party Committee on speeding up the establishment of the socialist market economic structure, and demanded the initial establishment of the new socialist market economic structure in 1998. These proposals request that Guangzhou should go ahead of others in establishing the socialist market economic structure, combine making overall advance with making breakthroughs on focal points, form a modern

enterprise system with focus on transforming state-owned enterprises' operational mechanisms, transform government functions, establish a macroeconomic management system and improve it, expedite the cultivation and development of a modernized market structure, and form a rational individual income distribution system and a multi-tier social insurance system. The proposals also set implementation measures for five major projects, including widening the scope of opening up.

Guangdong Estimates Inflation Rate at 21 Percent

HK2512045093 Beijing ZHONGGUO XINWEN SHE in English 1107 GMT 24 Dec 93

[Text] Guangzhou, December 24 (CNS)—Continual price rises in Guangdong Province have been a major concern this year and officials put the year-round inflation rate across the province at 21 percentage points.

Rises in prices have been occurring since the beginning of this year and local officials have tried in vain to keep the growth of prices under 15 percent.

Guangdong started with an 11 percentage point rise in January, increasing to 22 percentage points in July. Following the implementation of macro-economic regulation, prices took a slight downturn in August and September but went up again last October.

The year-round retail price index across Guangdong rose by 19 percentage points while the price index for living expenses increased by 22 percentage points.

There are four main reasons for the rising prices, according to the Guangdong Bureau of Statistics. First, price growth was triggered by increasing investment and consumption. Fixed investments grew by several times, leading to increased demands for construction materials and raw and processed materials which in turn caused commodity prices to soar.

Second, growth in currency put into circulation showed that the net value of currency in circulation was more than RMB [renminbi] 13.7 billion, registering a net rise of money supply of 113.3 percent.

Third, imposition of retail tax effective last May 1, rising from three percent to five percent, resulted in a general gain of between six and ten percentage points for retail prices.

Fourth, natural disasters including typhoons and storms which have hit Guangdong this year led to a drop in farming produce, fish and vegetables which showed a price rise of 39 percentage points.

Officials believe that the price problem will remain critical next year because measures on price adjustment for medical services, transportation, housing rents and gas will be adopted next year. Such reform will trigger a general price rise while the next taxation policy will also result in a rise of prices.

Guangxi Officials To Stabilize Grain Prices

HK2512031993 Nanning Guangxi People's Radio Network in Mandarin 1130 GMT 23 Dec 93

[Excerpts] Over the last few days, grain departments in Guangxi, taking account of the actual situation in grain markets, have brought into full play the role of the market mechanism and introduced effective measures to facilitate grain purchases and sales and exercise good management over grain markets. As a result, grain markets have remained stable and grain prices are becoming rational.

For some time in the past, affected by abnormal market situations and grain price increases in other provinces, the peasants did not want to sell their grain, but waited for price increases. As a result, the summer grain purchase task could not be fulfilled as scheduled and grain prices kept fluctuating. In some localities grain prices were soaring and the masses expressed resentment.

To ensure the success of grain purchasing and stabilize grain prices, on 2 December the regional government held a meeting on grain matters at which commissioners and mayors were present. The meeting asked all localities to take positive measures to ensure grain supply and maintain stable grain markets.

To fulfill this demand, grain departments in Guangxi have devoted more efforts to grain and oil purchases and expedited grain storage so as to ensure grain supply and stabilize grain prices. [passage omitted]

Grain departments have also played the role of the main channel, grain stores have ensured that they have adequate grain to sell, and whenever grain falls short of demand, every possible effort is made to transport grain. Whenever grain prices increase, resolute measures are taken to control the prices. Grain, industrial, commercial, price, and taxation departments have also closely coordinated with each other in protecting the circulation order of grain. No individual or unit is allowed to undermine grain markets or raise grain prices for higher profits. In the meantime, grain departments have also propagated the party's grain policy among the masses. [passage omitted]

Hainan Arrests Provincial Official for Corruption

To Be Punished 'According to Law'

OW2512130693 Beijing XINHUA Domestic Service in Chinese 1031 GMT 24 Dec 93

[By reporter Hu Qinghai 5170 3237 3189; first paragraph is "editor's note"]

[Text] Beijing, 24 Dec (XINHUA)—Li Shanyou, former deputy secretary general of the Hainan Provincial Government, has been expelled from the party and discharged from his official posts on charges of framing others, moral degeneration, and accepting bribes; and he has been arrested by the judicial organ for investigating crimes. Relentlessly ferreting out corrupt elements hiding in the party and government organs, exposing their ugly faces and crimes to the light of day, and severely punishing them according to the law are the strong call and demand of the

broad masses of the people; a pressing mission for maintaining the purity of party organizations and the consolidation of political power; and a sustained struggle having vital importance to the success or failure of reform, opening up, and the cause of socialist modernization. We must have a clear understanding of this point and assume a firm attitude without the least hesitation or leniency.

The reason Li Shanyou's problem could develop to such a serious extent is that he has relaxed the efforts to remold his world outlook under the new situation. His case shows that our party organizations still have some problems with respect to inner-party supervision and management of party members, which merit serious attention. People have discovered and reported Li Shanyou's illicit and criminal activities for a long time. The head of his unit has also heard about them, but made no investigations nor inquiries into the issue; instead, he allowed Li Shanyou to go unreined. Therefore, great efforts to strengthen the education, management, and supervision of party members, cadres, and all state functionaries and ensure their ethical integrity are the guarantee for winning a victory in our anticorruption struggle; as well as in reform, opening up, and economic construction.

Li Shanyou, former deputy secretary general of the Hainan Provincial Government, was found to have framed others, accepted bribes, and led a fast life. The CPC Central Commission for Discipline Inspection and the Supervision Ministry recently decided to expel him from the party and discharge him from his official posts. The judicial organ has arrested Li Shanyou according to the law.

It is learned that Li Shanyou was transferred to Hainan in 1988 and has assumed the posts of deputy director of the general office and then deputy secretary general of the provincial government, as well as held concurrent posts, such as vice chairman of the provincial securities committee. Out of ulterior motives, Li Shanyou bribed and collaborated with some people to play mean tricks and make up stories to lodge false accusations against a former Hainan provincial leader. During the investigation by discipline inspection and supervision organs, Li Shanyou continued to lie, organized others to give false witness, and formed a pact with the people concerned to shield one another.

Li Shanyou is morally degenerate. He led a fast life, cohabited with his mistress for a long time, and visited prostitutes, providing a very bad influence. Meanwhile, Li Shanyou took advantage of his posts and power to accept bribes. According to his preliminary confession, he demanded and accepted bribes amounting to 100,000 yuan.

Presently, the Hainan Provincial Procuratorate is examining and investigating his problems of accepting bribes and framing others and is planning to bring public prosecution against him and severely punish him according to the law soon.

Governor Views Case

HK2712121093 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 1306 GMT 26 Dec 93

[Text] Haikou, 26 Dec (ZHONGGUO TONGXUN SHE)—At a meeting for leading cadres at and above the level of vice governor not long ago, Ruan Chongwu, Hainan CPC Committee secretary and provincial governor, emphatically indicated that leading cadres should do a good job of using the power in their hands for the interest of the party and the people, and by no means should they trump up charges against others like Li Shanyou has done.

At the meeting, Hao Peiwen, the Central Commission for Discipline Inspection fact-finding-group leader, made a special trip from Beijing representing the Central Commission for Discipline Inspection and briefed the meeting on the case of Li Shanyou, former provincial government deputy secretary general, trumping up charges against others. Leading cadres at the provincial level participating in the meeting unanimously believed that Li Shanyou had lowered himself by trumping up charges against others, being morally degenerate, and accepting and asking for bribes. Li Shanyou was expelled from the party and removed from all posts, and would soon be sanctioned by the law. He had only himself to blame, reaping what he had sown.

In his speech delivered at the meeting, Ruan Chongwu especially pointed out that Li Shanyou was a criminal committing all "major evils." What he did violated party and government discipline, and the penal code. Ruan Chongwu said: In our political life, there actually are an extremely small handful of people distorting facts, trumping up charges against others. For the interest of the individual or small group, they would throw mud to foul others' reputations, interfere with personnel arrangements, and attack and persecute others, resulting in the spiritual injury of those involved and losses to the party's cause. In addition, Ruan indicated that the fact that Li Shanyou had taken the road of committing crimes was the reflection of the capitalist class and its decadent ideological style inside the party. Whether or not a leading cadre with party membership was capable of successfully handling the lure of power, money, and sex would be a severe test. Regarding those morally degenerate elements, we must investigate and handle their cases whenever they were found regardless of their seniority and high-ranking office, and they will be severely disciplined and penalized according to the law.

In conclusion, Ruan Chongwu said that in a certain sense, the market economy is one of the legal system. To run the special economic zone, we must implement the rule by law. It is necessary to make new contributions to Hainan's reform, opening up and modernization.

Hainan To Ease Farmer, Enterprise Burdens

HK2512044893 Beijing ZHONGGUO XINWEN SHE in English 1107 GMT 24 Dec 93

[Text] Haikou, December 24 (CNS)—The Hainan provincial government recently worked out three schemes aimed at further easing the burden imposed on farmers and

enterprises as well as rectifying malpractices in the introduction of foreign investment. Implementation of these measures got underway this month.

Although the province has this year cancelled 37 items of money collection imposed on farmers and 43 items for the upgrading of social and economic indicators set for rural villages, the problem of the overly-heavy burden on farmers has not been totally solved. In line with the new measures, illegal activities causing hardship to farmers will receive severe punishment and the provincial government has decided to return over RMB [renminbi] 10 million from the profits earned from sugarcane production to sugarcane growers in order to increase their income.

The province has set up a special office for the rectification of malpractices in this sector including the enforcement of apportioning expenses, money collection and the illegal confiscation of manpower, money and goods from enterprises through abuses of power by government departments and their staff.

Functional departments in charge of construction, environment, land, commerce and industrial administration, customs and public security and their staff who have used their political power to deliberately make things difficult for foreign businessmen will also face punishment.

Hubei's Wuhan Attractive to Foreign Investors

OW2412084493 Beijing XINHUA in English 0804 GMT 24 Dec 93

[Text] Wuhan, December 24 (XINHUA)—Overseas investors have become increasingly interested in Wuhan, capital of Hubei Province.

According to local economic officials, by the end of last month, the city had approved the establishment of altogether 2,023 foreign-funded projects, involving a contractual investment of 2.7 billion U.S. dollars. This puts Wuhan top of the league in this respect among inland cities.

The officials attributed this success to the local government's efforts in investment promotion.

For instance, early this year, the city organized its largest mission for investment promotion, which visited Singapore and Hong Kong and brought back agreements worth five billion U.S. dollars.

The city also held other events to boost overseas investment in it, such as a commercial exchange forum across the Taiwan Straits and an international swimming competition named the Chang Jiang River-crossing festival.

The efforts showed positive results. In the first 11 months of this year alone, the city approved the establishment of 1,023 foreign-funded projects, involving a promised foreign investment of 1.2 billion U.S. dollars, and saw the operation of 923 foreign-funded firms.

Wuhan, which is located on the middle reaches of the Chang Jiang River, was one of the few Chinese cities selected by the State Commission for Restructuring the Economy to pilot in the establishment of a market economic structure.

Hubei's Wuhan Largest Commercial Inland Port

OW2412084093 Beijing XINHUA in English 0803 GMT 24 Dec 93

[Text] Wuhan, December 24 (XINHUA)—Wuhan, the provincial capital of Hubei and a major manufacturing center in central China, has grown into the biggest commercial port in inland China.

According to government statistics, the city's retail sales topped 15 billion yuan (about 2.5 billion U.S. dollars) in the first 11 months of this year. As a result, Wuhan was rated among the provincial capitals with the largest retail sales volume.

A city government official said that Wuhan now has a consumer goods market with annual retail sales exceeding 10 billion yuan, a commodity circulation market with annual sales of 10 billion yuan and a money market that raises 10 billion yuan per year.

The city also has a technology market with deals worth nearly 100 million yuan struck a year, the official said. A real estate market, a property rights market and a labor market are growing rapidly.

Since Hankou, one of the three towns of Wuhan, opened to foreign trade at the end of the 19th century, Wuhan has become the biggest inland commercial port. It is connected to the sea via the Chang Jiang River.

It also has become the second biggest port in China, with trade volume next only to Shanghai.

The official said that Wuhan currently has more than 300 free markets and thousands of shops and stores, averaging 15 shops per thousand residents.

The nine-year-old Wuhan Personnel Exchange Service Centre in the city manages two craftsmen's markets, ten housemaid markets and nearly 300 job placement agencies, he added.

He said that Wuhan is the first in China to launch an enterprise property rights market. To date, over 200 poorly-managed companies have transferred their property rights to 168 efficient companies.

Moreover, Wuhan serves as China's largest motor vehicle and auto parts market, selling about 60,000 cars and trucks per year, he said.

The Wuhan Stock Trading Center, set up just a year ago, is the third largest of its kind, after the exchanges in Shanghai and Shenzhen.

According to the official, over the past nine years, Wuhan has invested 13 billion yuan (about 2.2 billion dollars) in building various markets.

Three markets in Wuhan which deal in nonferrous metals, rolled steel and petrochemicals have now become national markets, he said.

Hunan Governor Speaks on 1994 Economic Work

*HK2512031493 Changsha Hunan People's Radio
Network in Mandarin 2300 GMT 23 Dec 93*

[Excerpts] The Sixth Enlarged Plenary Session of the Sixth Hunan Provincial CPC Committee opened in the hall of the provincial party committee yesterday morning. The session implemented the spirit of the Third Plenary Session of the 14th CPC Central Committee, the central rural work meeting, and the national economic work meeting. It summed up this year's work and arranged next year's tasks. It encouraged the people throughout the province to speed up the establishment of the socialist market economic structure and to bring about the sustained, speedy, and healthy development of the national economy. Provincial party Secretary Wang Maolin chaired yesterday morning's session. Provincial party Deputy Secretary and Governor Chen Bangzhu made a report at the session.

Comrade Chen Bangzhu first reviewed the work in 1993. He said: The year 1993 has been a year in which people throughout the province have profoundly implemented Comrade Deng Xiaoping's important remarks and the spirit of the 14th CPC National Congress and have continued to advance in big strides along the road of building socialism with Chinese characteristics. It has also been a year in which great achievements have been made in all kinds of work and tasks through overcoming difficulties. The economic development trend has remained comparatively good. According to an estimate by the provincial statistics bureau, the province's GNP amounted to over 114 billion yuan, an increase of 12.6 percent over last year; its revenue amounted to over 11.1 billion yuan, an increase of approximately 20 percent over last year; and the peasants' per capita net income amounted to 820 yuan, an increase of 80 yuan. [passage omitted]

Comrade Chen Bangzhu pointed out: In the course of summing up experience and achievements, we should soberly understand the existing problems. In the course of transforming the economic structure there are many conflicts and frictions between the old and new structures. Economic life is facing a great deal of contradictions and problems, there are some unhealthy and unstable factors in social life, and the ideological and work style of leaders at all levels cannot meet the development of the socialist market economy.

On the 1994 work arrangements, Comrade Chen Bangzhu stressed: The year 1994 is crucial for reform and development. The main objective of the province is: Speeding up the establishment of the socialist market economic structure, and all kinds of reforms should proceed in a more practical and bigger way. There is a need to ensure 10 percent growth in the GNP, 5 percent growth in the gross agricultural output value, and 15 percent growth in the gross industrial output value. Big progress should also be made in other fields.

Comrade Chen Bangzhu pointed out: To achieve this end, it is necessary to understand the situation, to further change our concepts and ideas, to concentrate more efforts on speeding up reform, to persist in economic construction, and to expedite economic development under the prerequisite of improving economic results.

Comrade Chen Bangzhu stressed: In next year's work, the following three aspects should be done well:

1. Reform should be given more impetus, the establishment of the socialist market economic structure should be expedited, work should be done well in state-owned enterprise reform, in financial and taxation system reform, in monetary system reform, in investment and planning system reform, in foreign trade structural reform, in rural reform, in social insurance system reform, in housing system reform, and in structural reform.

2. Breakthroughs should be made on focal points to bring about fast and good economic development.

3. Party leadership should be strengthened and improved, spiritual civilization should be strengthened, the formation of the democratic and legal system should be strengthened, social stability should be preserved, and a powerful guarantee should be provided for reform and development. [passage omitted]

Hunan Officials Address Economic Work Conference

*HK2512031393 Changsha Hunan People's Radio
Network in Mandarin 2300 GMT 22 Dec 93*

[Text] A provincial economic work conference wound up in Changsha yesterday during which both Governor Chen Bangzhu and Vice Governor Zhou Bohua delivered speeches.

Comrade Zhou Bohua stated: Under the correct leadership of the party committees and governments at all levels, Hunan's industrial and communications productions have witnessed sustained and steady growth this year. Hunan has successfully pushed ahead with a series of in-depth reforms, stricken a basic balance between production and marketing, and increased profits and tax payments by a large margin. Nevertheless, Hunan still lags behind many advanced regions in the country with regard to industrial and communications productions. As China is to institute five major reform measures in 1994, some of Hunan's existing contradictions are expected to intensify. At present, Hunan's state-owned enterprises are still facing a host of problems and have already come across difficulties in shifting operative mechanisms. In light of this situation, governments at all levels in Hunan should try to profoundly understand the important significance of successfully managing large and medium-sized state-owned enterprises and take this work as a central task bearing on the province's overall economic performance.

Comrade Zhou Bohua went on: All areas in the province should strengthen leadership over industrial production and provide industrial enterprises with concrete guidance. To this end, economic management departments at all levels in the province should closely cooperate with each other and make orchestrated efforts to fight this large-scale industrial war.

Governor Chen Bangzhu fully affirmed Hunan's industrial and communications development over the past year. He stated: Since the state is to start instituting five major reform measures as of next year, all levels in Hunan should conscientiously press ahead with structural reform and

economic development, these being two basic tasks in 1994. Leading comrades at all levels and of all departments in the province should conscientiously study and comprehend all relevant measures, principles, and policies mapped out by the central authorities, make full use of the existing policies, and successfully further reform and invigorate enterprises.

Governor Chen Bangzhu also stressed: All areas should make extra efforts to coordinate various reforms in light of actual local conditions with a view to smoothly transforming enterprises.

Hunan Irrigation Projects Benefit Farmers

OW2512170993 Beijing XINHUA in English 1618 GMT 25 Dec 93

[Text] Changsha, December 25 (XINHUA)—Farmers from Mao Zedong's hometown are benefiting a lot from an irrigation scheme called "Shaoshan Irrigation Zone", one of China's most famous irrigation programs.

A system of reservoirs, diversion works and irrigation ditches was built in 1966, at a cost of over 100 million yuan.

The scheme was carried out to alleviate serious water shortage in hilly areas of central Hunan Province, including Xiangtan City, under whose jurisdiction falls Shaoshan Village, the birthplace of Mao Zedong.

According to local officials, about 66,600 hectares of farmland in 75 townships are now being irrigated under the scheme.

With the completion of the project, farmers within the irrigation zone expect an annual growth rate of eight percent in their per capita income and ten percent increase in their total rural output value.

The officials said that the scheme had helped to produce an additional seven billion kg of grain and produced a yearly six million tons of fresh fish.

At the same time, the scheme has also promoted the construction of small hydropower stations and afforestation in the locality it covers, besides supplying water to local residents and to more than 30 local factories.

At present, more than 20 small hydropower stations have been built in areas involved in the irrigation scheme and generate over 130 million kwh of electricity a year.

Southwest Region

High-Ranking Guizhou Officials Arrested for Graft

HK2312104393 Hong Kong TA KUNG PAO in Chinese 23 Dec 93 p 2

["Special dispatch" from Guiyang: "Director of Guizhou Public Security Department, a 'Big Graftier,' Has Been Arrested in Anticorruption Drive"]

[Text] Guiyang, 21 Dec (TA KUNG PAO)—Guo Zhengmin, director of the Guizhou Provincial Public Security Department, was arrested on 14 December according to

law for wielding his power to embezzle money and accept bribes. He is the first provincial special organ chief to be prosecuted by the mainland since the anticorruption drive started. It has been disclosed that Guo Zhengmin was formerly a member of the Guizhou Provincial CPC Committee and head of the province's public security department, and that by wielding his power, he sought profits for others and accepted huge bribes, which constitutes graft. On 8 December, the Guizhou Provincial People's Procuratorate detained him according to law and officially arrested him on 14 December. Yan Jianhong, member of the standing committee of the Guizhou Provincial People's Political Consultative Conference, former deputy director of the province's planning commission, and chairman of the board of the province's China International Trust and Investment Corporation, has also been turned over to the procuratorial organ for further action according to law for wielding power to embezzle money and violating party discipline and state law. The Guizhou Provincial Discipline Inspection Commission and Supervisory Department made great efforts to investigate discipline-violation cases in line with the anticorruption plans of the CPC Central Committee and the Guizhou Provincial CPC Committee. Between September and November, they filed 16,000 cases and concluded 1,185 of them. Of the cadres whose cases have been filed, three are at the prefectural or departmental level and 13 are at the county or divisional level.

Sichuan Secretary Discusses Organizational Work

HK2512082693 Chengdu Sichuan People's Radio Network in Mandarin 2300 GMT 23 Dec 93

[Excerpts] At a provincial telephone meeting on organizational work yesterday afternoon, provincial party Secretary Xie Shijie stressed the need for party organizations at all levels to explicitly understand the party's basic line and to strengthen and improve party building so that the party will play its leadership role better in the great cause of establishing the socialist market economic structure. Xie Shijie's speech was entitled "Conscientiously Implementing the Spirit of the Third Plenary Session of the 14th CPC Central Committee and Providing a Powerful Organizational Guarantee for the Establishment of the Socialist Market Economic Structure."

In his speech, Xie Shijie pointed out: Party building should proceed in accordance with the party's basic line and the central task of economic construction. The crucial point in organizational work is, in accordance with the requirements of the party's basic line, effectively strengthening all-level leadership groups, the cadres contingent, the intellectuals contingent, grass-roots-level party organizations, and the party-members contingent. Organizational work does not directly involve handling routine matters, but proper selections and appointments of cadres and improving party building have important bearings on promoting and ensuring economic development.

On meeting the objective demands of the socialist market economy and strengthening and improving organizational work, Xie Shijie said: Following the deepening of reform and opening up, particularly the gradual establishment of the socialist market economic structure, previous ideas,

particularly leftist ideas, are becoming obstacles to organizational work. Therefore, changing the minds is a priority task in organizational work. [passage omitted]

On how the province should blaze new trails in next year's organizational work, Xie Shijie talked about "three ascertain's":

1. The implementation of the five systems [not further specified] should be ascertained.
2. The creation of four good's by leadership groups should be ascertained.
3. The improvement of grass-roots-level party organizations should be ascertained. [passage omitted]

Sichuan Sets Up 'Experimental Collective Economy Zone'

OW2412164093 Beijing XINHUA in English 1435 GMT
24 Dec 93

[Text] Chongqing, December 24 (XINHUA)—This largest industrial city in southwest China's Sichuan Province turned its Jiangbei district into an experimental collective economy zone today.

Though similar zones have been set up in other regions of China, it is believed that this is the first time that a whole city district has been subjected to such a change.

Officials from the zone authority said that the collective sector is now contributing two-thirds of the economic power of the 86-sq-km district in the northern part of the city.

However, they admitted that collective enterprises are also facing difficulties due to confusion over property rights, lack of decision-making power and inefficient management.

With the setting up of the zone, the officials said, enterprises in the district will be cleared of administrative bonds and will be completely independent in their business activities.

The distinction between cadres and workers will no longer exist in these enterprises, and flexible remuneration will be adopted throughout the zone, the officials said.

To promote the development of the collective economy, many new systems will be introduced. According to the officials, these will include the development of a shareholding system, the establishment of a social security system and the adoption of direct registration of enterprises.

The experimental zone will also enjoy more freedom in project approval, foreign trade and economic cooperation, and banking, the officials added.

North Region

Beijing's Financial Market Makes Strides in 1993

OW2212093893 Beijing XINHUA in English 0837 GMT
22 Dec 93

[Text] Beijing, December 22 (XINHUA)—The financial market in Beijing has made big strides this year, highlighted by the establishment of a fund regulation center and stock registration companies.

The newly-established fund regulation center is an intermediary body based on the original fund market of the city.

Its membership has increased from 86 last year to 109 now, with the total membership fund jumping from 39.9 million yuan (about seven million U.S. dollars) to 340 million yuan (about 58 million U.S. dollars).

During the January-November period the center regulated a circulation of capital amounting to 29.79 million yuan (over five million U.S. dollars), about 2.4 times that of the total for 1992.

To date, the city has 34 financial institutions engaged in security exchanges, double the figure for last year.

All the institutions are members of the Shanghai Stock Exchange, and 26 of them are also members of the Shenzhen Stock Exchange in the boomtown of Shenzhen in south China's Guangdong Province.

The 34 institutions have set up a network involving 114 stock exchange agencies in the capital.

With more local enterprises carrying out the share-holding experiment program, the number of firms operating negotiable securities has increased from three last year to 21 this year, with the exchange volume during the January-November period hitting six billion yuan (over one billion U.S. dollars), about 30 times that of 1992.

Starting last year, the formerly exclusive foreign exchange market of the city has turned into an open swap market.

The total turnover on the market for 1993 is expected to reach 800 million U.S. dollars, a rise of 86 million U.S. dollars over 1992.

Meanwhile, about one third of the city's foreign exchange used for import this year has been regulated by market forces.

Financial experts here say that the maturing of the city's financial market and rationalizing of capital distribution have nurtured the necessary conditions for the introduction of more indirect financial regulations.

According to Lu Xueyong, governor of the Beijing branch of the People's Bank of China, the country's central bank, the city's financial environment has been improved to meet the needs of the burgeoning market economy.

He said Beijing will bolster the development of more financial intermediary bodies such as specialized companies for insurance, trust, leasing and consultancy, and other non-banking bodies.

Co-operative banks as well as foreign-invested and joint-venture banks will be tried out in the city, and the city's banks are encouraged to undertake business overseas, he added.

Beijing Sees 'Successes' in Rectifying Finances

OW2112081593 Beijing XINHUA in English 0748 GMT
21 Dec 93

[Text] Beijing, December 21 (XINHUA)—The recovery of large amounts of illicit inter-bank loans and increased savings deposits are just two of the successes Beijing has achieved in a campaign to rectify its financial order.

Lu Xueyong, governor of the Beijing branch of the People's Bank of China, the country's central bank, said that since the beginning of this year the municipal authorities have taken the halting illicit inter-bank loans as a major measure to accelerate local economic growth.

By the end of November the city had recovered such loans amounting to eight billion yuan (about 1.38 billion U.S. dollars), about half of the total of such loans at the beginning of the year.

Lu said, "We have also largely halted the malpractice of illicit raising of funds in society and the unauthorized establishment of financial institutions."

As a result, all financial institutions set up without government approval have been shut down, he added.

Government statistics show that savings deposits in Beijing totalled 54.2 billion yuan at the end of November, 15.35 billion yuan more than in early January. That figure also represented a 100 percent surge over the same month in 1992.

Meanwhile, Beijing withdrew five billion yuan from circulation in the first 11 months of this year, up nearly 82 percent over the same period in 1992.

According to Lu, hard currency deposits at the end of November were 1.13 billion U.S. dollars more than in early January.

He said, "Various specialized banks in Beijing have done their best to finance the purchase of farm and sideline products, and the undertaking of key construction projects, and to assist major state-owned companies, high-technology businesses and export-oriented firms."

For example, during the January-November period these banks extended 85 percent of 6.28 billion yuan in increased loans for fixed asset investment to construction of new railway facilities, an ethylene plant, a waterworks and an expressway linking the capital international airport with downtown Beijing.

During that period loans for working capital in Beijing shot up by 8.87 billion yuan, Lu said, adding that the bulk of the loans were extended to high-technology industries and the 100 businesses that are also major sources of tax revenue.

Lu said that the municipal government has formulated a series of new regulations to improve supervision of financial institutions.

Speaking of next year's goal for the deepening of the financial reform, he said that the existing specialized banks will be turned into real commercial banks, while the establishment of co-operative banks in urban and rural areas will be encouraged.

Meanwhile, the establishment of insurance companies and other non-banking financial institutions will also be encouraged, he added.

"Foreign banks will be encouraged to open subsidiaries in Beijing," he said in conclusion.

Hebei's Qinhuangdao To Encourage Investment

OW2012163293 Beijing XINHUA in English 1444 GMT
20 Dec 93

[Text] Shijiazhuang, December 20 (XINHUA)—Qinhuangdao, a coastal city on Bohai Bay in north China's Hebei Province, has adopted measures to encourage the boom of foreign investment in its service trades.

Since the beginning of this year, the city has approved the establishment of 145 foreign-funded projects, of which 38 are engaged in the service industries, involving 120 million U.S. dollars of promised foreign investment and accounting for 40 percent of the total.

According to local officials, most of the foreign investment goes for the development of the tourism resources of this port city, which is a famous summer resort.

The city now has more than 260 scenic spots. The most famous are Beidaihe Beach and Shanhai Pass (pass between mountains and the sea), the Eastern Terminus of the Great Wall. Each year, the city receives over six million tourists from other parts of the country and abroad.

The foreign investors have also poured a great amount of capital into the development of real estate in the city. This year alone, the city has approved the establishment of 18 foreign-funded companies engaged in the development of real estate, said the officials.

Foreign investment has also begun to appear in the fields of storage and transport, interior decoration of buildings, the catering trade, culture and amusement, as well as information and consultancy services.

The service industries have remained a pillar for the whole economy of Qinhuangdao. Last year, the revenue from this sector made up 42 percent of the gross domestic product of the city.

Inner Mongolia Secretary Urges Greater Reform

SK1712064793 Hohhot NEIMENGGU RIBAO in Chinese
6 Dec 93 p 1

[By reporter An Tiejun (1344 6993 6511): "Have Courage in Exploration and Experiment and Extend the Degree of Reform"]

[Text] Establishing the socialist market economy system is a great cause deciding on the prosperity or decline and the success or failure of the party, the country, and the nation; and facilitating reform across the board is the only way to liberate and develop productive forces and to make the people prosper and the country strong. We should extend

the degree of reform and facilitate it across the board while achieving breakthroughs in key areas. We should have the courage in practice and experiment. As long as we unify our thinking in line with the guidelines of the third plenary session of the 14th party Central Committee, have the courage in reform, and brave the way forward, we will win success in our causes. The aforementioned was what Comrade Wang Qun emphasized during his investigation and study activities in Hohhot.

Wang Qun, secretary of the autonomous regional party committee, and Yun Bulong and Shen Shuji, vice chairmen of the autonomous region, led responsible comrades of the pertinent departments of the autonomous region to conduct investigations and study in Hohhot city on 3 December. They held a discussion with the responsible persons of some large and medium-sized enterprises in Hohhot and heard reports by leading comrades of the Inner Mongolia No. 1 woolen mill, Hohhot machine tool parts plant, Hohhot cigarette plant, Inner Mongolia television plant, and Inner Mongolia Jinyu Limited Company and reports by leading comrades of the Hohhot city party committee and government on implementation of the third plenary session of the 14th party Central Committee. After holding the discussion and hearing reports, Comrade Wang Qun emphasized five issues.

First, establishing the socialist market economy system is a great cause deciding on the prosperity or decline and the success or failure of the party, the country, and the nation. We should conduct reform and establish the socialist market economy system if we are to achieve a fairly comfortable standard of living and rank China among the best in the world. This is the only choice proven correct by practice and the only road we should take. We should emancipate our minds, change our ideas, and unify thinking in line with the guidelines of the third plenary session of the 14th party Central Committee. We should coordinate our study of the "decision of the CPC Central Committee on several issues concerning the establishment of the socialist market economy system" with the study of the third volume of the "Selected Works of Deng Xiaoping" and achieve mastery through a comprehensive study of them. As long as we mobilize the people of various nationalities throughout the region, we will achieve success in the great cause of establishing the socialist market economy system.

Second, upholding the party's basic line without wavering means upholding the "one central task and two basic points" without wavering, which include the basic point of reform. Reform is necessary if our society is to develop. If we do not carry out reform, we will be led to a blind alley. The purpose of reform is to liberate and develop productive forces and make the people prosper as soon as possible. Systems and mechanisms were the basic reason for the past low level of productivity, sluggish economic development, and failure to make the people prosper. Therefore, we should persist in reform. Only by reforming the old systems and old operating mechanisms can we liberate and develop productive forces, develop the country, and make the people prosper. Leading cadres at all levels and all enterprises should have a stronger sense of urgency, responsibility, and crisis toward reform. All

enterprises are equal in market competition, and none will be given special consideration when the law of value, the law of competition, and the law of selecting the superior and eliminating the inferior are applied. Those who seize the opportunity and extend the degree of reform will gain initiative. It will not work to remain slow and adopt a wait-and-see attitude. We should use the "decision" of the party Central Committee as a weapon to solve the series of problems in reform, create powerful public opinion and momentum for reform and opening up throughout the party and society, and establish a prevailing practice of feeling honored to conduct reform, having courage in reform, braving the way forward, and advancing despite difficulties. Leading organs at all levels should actively change their functions to serve reform and opening up well. All communist party members and leading cadres should become leaders and vanguards in reform. With a poor foundation to start with, Inner Mongolia should all the more redouble efforts and deepen reform with greater courage and more energy.

Third, we should be quick in studying and seizing the market. All enterprises should conduct study of the market, not only the domestic market but also the international market. Amid intense competition, those who achieve a share in the market will gain initiative. To us, achieving a share in the market rapidly is an extremely important task.

Fourth, our product quality and technology should be rapidly upgraded to the international level, and imports of funds and technology to renovate our enterprises should be developed if we are to link them to the international market. We should create favorable conditions and adopt various measures to develop imports, cooperation, and renovation through imported funds and technology. We should seize the time before China reenters GATT to import funds and technology to renovate our enterprises and enter the international market. Only in this way can we increase our competitive edge.

Fifth, we should have the courage to experiment, extend the degree of reform, and deepen reform across the board. It is a brand-new undertaking to establish the socialist market economy system, and there is no ready pattern to follow in reform. This requires that we carry forward the spirit of courage in conducting experiment, blazing new trails, and taking risks. As long as our reform conforms to the "three advantages" and to the principle of maintaining and increasing the value of state assets, all measures may be adopted, no matter what. We may pluralize ownership to allow the coexistence and common development of various ownerships. This will not change the nature of the dominance of public ownership. In line with the principle of facilitating reform across the board while achieving breakthroughs in key areas, we should encourage reform and encourage and support brave experiment. Measures proven successful should be persisted in and those not should be canceled. In short, we should mobilize the people of various nationalities throughout the region, overcome fear of difficulties, and greatly promote the region's reform and construction.

Inner Mongolia Procuratorial Work Reported*SK2212094893 Hohhot NEIMENGGU RIBAO in Chinese 4 Dec 93 p 1*

[Summary] During August to October of this year, procuratorial organs at all levels throughout the autonomous region received more reports from the masses on clues to economic crimes as they reinforced their strength in the struggle against economic crimes and corruption.

During the period, these procuratorial organs accepted 1,823 reports of clues to economic crimes, showing a 210 percent increase over the same period of 1992. Of the 1,404 reports which deserve handling by the procuratorial organs, 1,287 are of economic crimes and accounted for 91.6 percent of total criminal cases; 923 are of embezzlement and bribery and accounting for 71.7 percent of total economic crimes. Of these reports, 766 are appalling and serious cases comprising 37 percent of the total; 27 involved embezzled money of more than one million yuan. Of the 1,823 reports accepted by these organs during the period, 1,642 involved the working personnel of party and government organs, of judicial departments, of administration and law enforcement departments, of economy management departments, and of enterprises and establishments, accounting for 90 percent of the total accepted reports. In handling these cases, these procuratorial organs recovered seven million yuan in economic losses during the period.

Shanxi Provincial Newspaper Increases Pages*HK1612050693 Taiyuan SHANXI RIBAO in Chinese 1 Dec 93 p 1*

[Unattributed report: "SHANXI RIBAO To Expand by Eight Pages Beginning Next Year"]

[Text] As of 1 January 1994, SHANXI RIBAO will appear before readers in the province with a new face and eight additional pages. The expansion of pages has been approved by the Shanxi Provincial CPC Committee.

The daily was founded amid the salvos of victory in the War of Liberation. Generations of journalists over the last 45 years have carried on and developed the proud tradition established by veteran journalists in liberated areas, devoting their young lives to party's journalistic work, sweating for it, giving the paper a few glorious times, and turning it into a nationally influential provincial newspaper. They also have trained a contingent of news workers and founded a proud tradition.

The expansion of pages is a new turn and a new starting point. After the expansion, the paper will give readers a new impression, in both content and layout. Under the guidance of Comrade Deng Xiaoping's theory of socialism with Chinese characteristics and in order to achieve the two strategic goals required by the Third Plenary Session of the 14th CPC Central Committee, the paper will pursue reforms in various areas. The reform will focus on solidifying news coverage, as the mainstay of the paper, and is aimed at filling the pages with prompt, profound, and practical news stories. The editorial committee has adopted a range of measures to broaden news sources, pay more attention to the time-sensitiveness of news, raise the

quality of news stories, increase manpower for the news coverage team, and set out a body of work rules.

The paper will see breakthroughs in other areas following the expansion of pages. 1) More effort will be made in key commentaries. To make them the flagship of the paper, key commentaries will be more authoritative, more to the point, and above all, more perceptive. 2) There will be breakthroughs in general coverage and investigative reports. There will be a conscious desire to seek high standards, depth, and a sense of the times, as well as to provide a model for learning and deepening reforms. 3) There also will be breakthroughs and new measures concerning the paper's layout and its coverage of conferences.

The newspaper's page expansion is a great event in the political life of people throughout the province. The trial edition is intended to give readers a chance to be as critical as possible. The editorial committee sincerely hopes that readers will give it their valuable advice, so that it can improve the paper when it is officially expanded next year and raise the paper to a new level.

Tianjin Secretary Views Deng's Selected Works*SK2112051693 Tianjin TIANJIN RIBAO in Chinese 3 Dec 93 p 1*

[Excerpts] The third term of the class on studying Volume 3 of the *Selected Works of Deng Xiaoping* for principal leading cadres of departments, commissions, offices, districts, counties, and bureaus, held by the municipal party committee, ended on 1 December. Thus far, the municipal party committee has held three terms of study classes, and 334 principal leading cadres of various departments, commissions, offices, districts, counties, and bureaus have attended the classes. After hearing the report on the experiences gained by class participants, Gao Dezhan talked about his opinions on how to deepen the study of Volume 3 of the *Selected Works of Deng Xiaoping*.

Li Jianguo, deputy secretary of the municipal party committee, and Fang Fengyou and Luo Yuanpeng, standing committee members of the municipal party committee, attended the closing ceremony. [passage omitted]

Gao Dezhan pointed out in his speech: Thanks to concerted efforts of the participants, the classes held by the municipal party committee to study Volume 3 of the *Selected Works of Deng Xiaoping* have achieved the anticipated purpose and have laid a good foundation for future in-depth study. Studying Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics is a long-term task of fundamental significance that we must firmly and unremittingly grasp well. I hope that comrades here will, after returning to their units, continue to profoundly study Volume 3 of the *Selected Works of Deng Xiaoping* in close combination with their respective realities in order to carry out the study in a realistic and sustained manner.

Gao Dezhan set forth four opinions on how to further deepen the study of Volume 3 of the *Selected Works of Deng Xiaoping*.

First, we should enhance our understanding of the importance and urgency in studying and mastering the theory of

building socialism with Chinese characteristics and should enhance our consciousness in studying the theory. The theory of Comrade Deng Xiaoping is a irrefutable truth tested by practice, is a great banner for us to forge ahead continuously, and is a powerful ideological weapon for guiding the development of our cause. We should fully understand the political and theoretical significance as well as the immediate and long-term significance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics. We should strengthen the historic sense of mission and the sense of responsibility for work, should further enhance the consciousness in study, and should truly carry out the strategic task of arming the whole party with the theory of building socialism with Chinese characteristics.

Second, we should conscientiously study original works to have a good command of the essence of the guidelines. Being extremely rich in contents, Volume 3 of the *Selected Works of Deng Xiaoping* lays the foundation for the theory of building socialism with Chinese characteristics, is Marxism of today, and is the representative work of Marxist theory which is entering a new realm and attaining new heights. We should assiduously study the original works and deepen the understanding and master the series of new ideas, new points of view, and new concepts set forth by the *Selected Works of Deng Xiaoping*. In the systematic study, we should make great effort to master important ideas and concepts of the works. 1) We should emphatically grasp the quintessence of the whole book, that is, the ideological line of emancipating the mind and seeking truth from facts; 2) we should emphatically grasp the subject of the whole book, that is, to persistently follow the socialist road with Chinese characteristics and persist in the basic line of "one central task and two basic points," on the basis of making clear what is socialism and how to build socialism; 3) we should emphatically grasp the strategic goal emphasized in the whole book, that is, to basically achieve modernization and build China into a prosperous, democratic, civilized, and modernized socialist country in three steps; 4) we should emphatically grasp the basic principle repeatedly expounded in the whole book, that is, to firmly grasp socialist material and spiritual civilizations; and 5) we should emphatically grasp the socialist spirit permeated in the whole book, that is, to safeguard the independence and sovereignty of the country, carry forward national pride and confidence, and invigorate and develop the Chinese nation. Through study, we should profoundly comprehend the strategic idea and theoretical viewpoint of Comrade Deng Xiaoping, truly arm our brains with the works of Deng Xiaoping, and unite our ideas in line with the works of Deng Xiaoping. At the same time, we should closely combine the study of Volume 3 of the *Selected Works of Deng Xiaoping* with the study of the "CPC Central Committee's decision on several issues concerning the establishment of the socialist market economic system." Through study, we should enhance our consciousness and steadfastness in implementing the party's basic line as well as the principles and policies on developing the socialist market economy.

Third, we should further accelerate the pace of reform, opening up, and modernization by closely integrating ideological reality with work reality. The purpose of

studying theory lies in application. The criterion for examining the results of our study of theory lies in practice. Volume 3 of the *Selected Works of Deng Xiaoping* is a theoretical summary of the rich experiences gained in the practice of reform, opening up, and modernization over the past 10 years or so, and thus it comes from practice and also guides practice. All of the contents of this book are the things that have already been done or are being done by us, and thus they are closely based on realities. In studying Comrade Deng Xiaoping's theory, we must closely combine study with realities and combine study with the emancipation of the mind, with the change of concepts, with the establishment of the socialist market economic system, and with the endeavor of carrying out reform and opening up and accelerating development. Next year is a key year to accelerate Tianjin's development. Now we are facing a very good opportunity. Through the study, guided by Comrade Deng Xiaoping's theory and by the guidelines of the 14th party congress, we should further strengthen the sense of urgency and the sense of responsibility; seize the opportunity; open up new ideological trains; improve the quality of the emancipation of the mind; increase the dynamics of reform; and accelerate the development of the economy in order to promote sustained, rapid, and sound development of Tianjin's economy and help push all items of work to a new stage.

Fourth, we should make leaders take the lead in study, make each level assume responsibility for the study, and let each level manage the study of the next lower level. Leading cadres at all levels must take the lead in studying the original works by integrating the study with realities and should take the lead in studying the works for purposes of application. Leading cadres should study and comprehend the works in an even more profound manner. Leading cadres should take the lead in studying and applying them and set an example in carrying out reform and opening up and in maintaining administrative honesty and diligence. Leading cadres should attend to reform, opening up, and modernization with a new attitude, a strong sense of historic mission and the sense of political responsibility in order to create a new situation in the work of the municipality.

Senior Economists Propose Free Port in Tianjin

OW1912154593 Beijing XINHUA in English 1427 GMT
19 Dec 93

[Text] Tianjin, December 19 (XINHUA)—Senior economists here have proposed that Tianjin, which holds the largest harbor in north China, be made a free port.

The proposal was put forth at an economic symposium held Saturday in Tianjin, which attracted nearly 100 experts and scholars from China and other countries.

Participants spelled out the city's three advantages in developing a free port—an international seaport, access to the Chinese hinterland and booming financial and commercial sectors.

Tianjin Port services the largest number of international navigation lines in north China, which reach 300 ports in 160 countries and regions. The city also ranks first in the

country's container shipping, with a handling capacity expected to surpass 36 million tons this year.

Behind the port lies a vast land of one million square kilometers, which has abundant reserves of coal, oil and iron ore. The region is China's largest cotton producer and an animal husbandry base.

Tianjin has built the country's first financial street to encourage foreign banks to open branches. It has also set up a development zone and a bonded zone.

The experts suggested making an area of 100 sq. [square] kilometers a free port zone as the first step, which will overlap parts of the existing development zone and bonded zone and in this zone the international convention for free port should be adopted to allow the free flow of most or all foreign goods.

The economists predicted that the free port would boost the economy of Tianjin and the rest of north China.

Across the world, more than 600 free ports have been established since the first appeared in Italy 400 years ago. Hong Kong is one of the outstanding examples.

Tianjin Vice Mayor on Investment Environment

SK2012083293 Tianjin People's Radio in Mandarin 2300 GMT 18 Dec 93

[Text] On the afternoon of 18 December, Ye Disheng, vice mayor of the municipal government, held talks on the investment environment of Tianjin with more than 30 entrepreneurs from Japan, Hong Kong, and Taiwan.

Ye Disheng emphatically introduced to the guests the municipality's special features of development. As a municipality directly under the central government, Tianjin is making positive efforts to set up its third stock exchange. A series of construction projects along the (?border) and coastal areas of Tianjin are in full swing. Tianjin is making efforts to build itself into a free port in north China. Eight foreign banks from Britain, France, the United States, and Korea have been permitted to establish branches in Tianjin. Tianjin has rich market resources and a galaxy of skilled persons. Recently, the central authorities adopted a decision on perfecting the legal system and consolidating the financial order. This has provided Tianjin with a good external environment for enterprises' development. So far, more than 500 Japanese enterprises have registered themselves to the authorities of Tianjin, and their total investment exceeds \$500 million. Japan occupies the fourth place in terms of the amounts of investment made in Tianjin by foreign countries.

Ye Disheng said that businessmen from Japan, Hong Kong, and Taiwan are welcome to invest in Tianjin. Responsible comrades of the municipal foreign economic and trade commission and the departments concerned also answered questions of interest to the guests.

Tianjin Exhibition Delegation Returns From Seoul

SK2012043093 Tianjin People's Radio in Mandarin 2300 GMT 18 Dec 93

[Text] After satisfactorily winding up the exhibition and trade fair activities in the ROK, the Tianjin exhibition

delegation composed of more than 160 people returned to Tianjin from Seoul via the Tianjin-Inchon steamer on the evening of 18 December.

On behalf of the municipal party committee and government, Zhu Liankang, vice mayor of the Tianjin municipal government, went to Xingang Port to welcome the delegation, expressed warm welcome and extended cordial regards to the delegation, and also congratulated the delegation on its successful exhibition.

Northeast Region

Heilongjiang Vice Governor Comments on Border Trade

SK2412035993 Harbin Heilongjiang People's Radio Network in Mandarin 2200 GMT 22 Dec 93

[Excerpts] Vice Governor Wang Zongzhang answered reporters' questions on how to treat the new situations emerged in our province's border and local trade at Heihe outlet a few days ago. [passage omitted]

Wang Zongzhang said: During this year's January-November period, the volume of border imports and exports increased 35 percent over the same period last year, and the volume of cargo passing increased 53 percent. Actually, the border and local economic and trade work has not declined but developed towards a good trend. This is the main aspect of the border and local economic and trade development which we must analyze and understand correctly and soberly.

In view of the current new situations and problems emerged in the border and local economic and trade work, Wang Zongzhang believed that they are mainly caused by a shortage of funds, the stockpiling of imported goods, border trade enterprises' decline in economic efficiency and the change of production line or suspension of operation of some border trade enterprises. All these should be observed and judged from the standpoint of the market economy, reform and development.

He said: The stockpiling of imported goods is mainly caused by the unitary variety of imported commodities. Our country's imports are mainly concentrated on steel products, timber, chemical fertilizers, cement and other raw materials. Over the past few years, the sales were good and the profits were high. During the second half of this year, our country has curtailed the scope of investment in capital construction. The market demands for raw materials commodities have cut and the prices dropped drastically. Some have market prices but no people asked for them, thus leading to the stockpiling of goods. This problem can be solved if we manage things in line with the market economic law and adjust the product mix in a timely manner. At the initial stage of bartering commodities, the base prices of both sides' barter commodities were not all reasonable. Our side enjoyed higher profits. The counterpart realized this along with the development of economic and trade relations of both sides. The government's several readjustments of the tariff and the prices of raw materials and the strengthening of management of permits were aimed at rationalizing the base prices of

barter commodities of both sides. Speaking in a fact-seeking manner, it is normal to make the profit rate of barter trade approach the profit rate of spot exchange trade. In the days to come, it will no longer be possible to create profits by relying on unreasonable base prices. Only by further raising the operational and management levels can we be able to develop and expand border and local trade. Our province has more than 8,000 border and local trade companies with different enterprises and different quality of personnel. In the acute market competition, it is absolutely normal for the superior to be retained and the inferior to be eliminated.

Wang Zongzhang told reporters: Our province's border and local economy and trade has entered a new turning period. That is, it is in a transition period of a standardized international trade under the market economic system. It is normal to have some problems during this period. We should not be panic-stricken, even less should we be pessimistic or hopeless. Actually, the economic and trade cooperation prospects between our province and the CIS countries are very vast. First, the geographic advantages of both sides still exist. Second, the mutual-complementary advantages in economy will not change within a short period of time. Third, the economic and trade channels of our economic and trade partners will still play a good role. Fourth, the world's economic development trend is favorable for the economic and trade cooperation of both sides.

Wang Zongzhang believed that at present, the most important is to rapidly establish a long-term and stable trade channel, further improve the border and local economic and trade strategy, concentrate efforts on readjusting the structure of exported commodities, further expand the barter trade sphere, promote economic and technological cooperation, build the Yanbian economic and technological cooperative zone, strengthen the building of great passageway, strengthen macroeconomic regulation and control, further rectify the border trade order, strictly prevent fake and inferior products from leaving the territory, prevent smuggling and the trading of smuggled goods, settle contract disputes, realistically honor the contracts, build macroeconomic guidance organs and strengthen macroeconomic guidance and training of personnel.

Liaoning's Gu Jinchu Inspects Dandong

SK2712013893 Shenyang Liaoning People's Radio Network in Mandarin 1000 GMT 24 Dec 93

[Text] From 23 to 24 December, Gu Jinchu, secretary of the provincial party committee; Wang Huaiyuan, deputy secretary of the provincial party committee; and Xu Wencai, standing committee member and secretary general of the provincial party committee, conducted investigations and study in Dandong and inspected the work of the city.

The leaders of the provincial party committee maintained that Dandong has economic difficulties. The cadres and the people in Dandong, however, have a good mental attitude. As long as the city has accurate ways for development and works arduously for one or two years, it will have great prospects.

How can Dandong free itself from these strained circumstances and enliven its economy? The provincial party committee leaders stressed: The most important way is to emancipate the mind and broaden the ways of thinking. We must emancipate the mind and have a sense of urgency to grasp favorable opportunities for development. We must not lose any favorable opportunities. We should have the daring to grasp favorable opportunities, to scale new heights in economic development, and to create conditions for accelerating the pace of development. We must not judge the current developmental speed with old ideas. We should collect funds from various channels. The state, collective, individual, and privately owned enterprises with possibility for fast development should be supported. We must not attend to one and lose sight of another. Simultaneously, we should have the various sectors of the economy learn from each other's strong points and promote each other to upgrade their overall developmental ability.

The provincial party committee leaders urged that the party organizations at various levels and all fronts in the city should further foster the thinking of seizing economic construction as a key link, consider their work according to the policy that development is an unchanged principle, unite with one another, and strive to achieve.

Statistical Bureau Analyzes Liaoning Economic Figures

SK2412104793 Shenyang LIAONING RIBAO in Chinese 12 Dec 93 p 1

[Text] At the beginning of 1993, the provincial party committee and the provincial government set forth a strategic target of "doing the second pioneering work" and restoring the prestige of Liaoning." Thus, the broad masses of cadres and people across the province have enthusiastically and positively engaged themselves in this great undertaking.

How does "the second pioneering work" start? How will Liaoning develop its economy in the coming year of 1994? In a recent interview by a reporter, Zhang Benbo, director of the provincial statistical bureau, analyzed, in detail, the provincial economic development situation and the economic development trends.

Since the beginning of this year, the province has persisted in the economic development idea of "doing the second pioneering work" and strengthened the extent of macroeconomic regulation and control. The production, construction, circulation, and consumption fronts have made great achievements. The province continues to maintain a faster economic growth rate that started in 1992. The province's GNP is expected to reach about 175 billion yuan. If calculated in terms of comparable prices, the increase in GNP ranges from 13.5 to 13.8 percent over 1992. The increase rate will range from 1.8 to 2.1 percentage point over 1992. Of this, the output value of agriculture, as the primary industry, sets a historical record. The total grain output in 1993 increases by 1.27 million tons over the harvest year of 1992. The total agricultural output value increases by 9 percent over 1992. Forestry, animal husbandry, sideline occupation, and

fishery have comprehensively been developed. Industry, as the second industry, has rapidly been developed. The total output value of the industries at or above the village level is expected to increase 21 percent over 1992. Simultaneously, the province has steadily developed the tertiary industry, including commerce, catering trade, postal and telecommunications industry, communications industry, financial and insurance industry, and real estate industry. The output value of the tertiary industry is expected to increase about 10 percent.

Zhang Benbo pointed out that there are four special features in the province's 1993 economic development.

First, the industry develops at a faster speed, and the output of the heavy industry increases noticeably. Second, there are higher demands for investment. The investment in fixed assets is expected to increase about 45 percent over that in 1992. Third, the new economic growth points play a prominent role in the economic development. The town and township enterprises develop at a rapid speed. Their annual output value is expected to increase about 63 percent over 1992 and their profits and taxes, 61 percent. The markets of various sectors of the economy other than the state one are extremely brisk. The transaction volume of the urban and rural trade fairs accounts for 45 percent of the total volume of retail sales of commodities. Fourth, the development of the export-oriented economy is speeded up. The amounts of foreign capital used by the province increased by a big margin. In the first 10 months of this year, the amounts of foreign capital used by the province according to agreements increased by 56.9 percent over the same period of last year. Of this, the direct investment by foreign businessmen increased by 1.2 times. The number of three types of foreign-funded enterprises increased by 2,969.

Director Zhang Benbo also talked about the province's economic difficulties and some prominent problems cropping up due to the negative influence of economic regulation and control.

The faster economic growth situation results from the further release of the energy for economic development accumulated after the improvement of the economic environment and the rectification of the economic order and reflects that the market mechanism gradually penetrates various economic activities and that the economic vitality has been strengthened. Along with the rapid economic growth rate, the contradictions and problems have gradually been exposed. First, the prominent contradictions between supply and demand of capital have become key factors for economic development. Second, the problems caused by the negative influence of the macroeconomic regulation and control are gradually exposed. These problems will directly restrict the development of the industry, particularly the heavy industry. A slump in the heavy industrial products and a trend that the production of the heavy industrial products declines will possibly emerge. In the third quarter of this year, the output value of the heavy industry was reduced by 1.2 percentage points from the same period of last year. A signal was reported. Besides, the goods prices remain high. This has not only affected the people's livelihood but also attacked the normal economic order. Since the beginning of this year, the goods

prices has tended to rise with each passing month. In the first 10 months of this year, the level of retail sales of commodities rose by 12 percent over the same period of last year. The index of the people's living expenses rose by 14.1 percent over the same period of last year. Under the situation where there are high demands for investment and the prices are decontrolled, the prices of capital goods remain high, and the pressure on inflation is noticeably expanded.

Liaoning Arranges Grain Purchasing, Marketing Work

SK2512114593 Shenyang Liaoning People's Radio
Network in Mandarin 1000 GMT 24 Dec 93

[Text] On the afternoon of 24 December, the provincial government held a telephone conference to arrange the grain purchasing and marketing work.

The conference urged that we should accurately understand the current market situation, further achieve the grain and oil purchasing and marketing work, and realistically arrange the supply of grain and oil.

Zhang Rongmao, vice governor of the provincial government, made a speech at the conference.

He said: This year, the province turned out 16.96 billion kilograms of grain, setting a historical record. In the past two years, the state and the localities set up grain depots. So, the grain departments have a sufficient stock of grain. There are no problems in supply and demand of grain. After December, the prices of some varieties of grain and oil started to rise. All this resulted from man-made and psychological factors. Thus, we must neither be panic-stricken nor lower our guard. The governments at various levels should pay attention to solving the problems that will possibly emerge. At present, we should immediately prepare materials and strengthen propaganda and service to eliminate the people's misunderstanding, to timely balance grain prices, and to ensure a stable market. Simultaneously, the localities should strengthen the grain purchasing extent and flexibly grasp grain resources. As of 20 December, the province stored up 5.39 billion kilograms of grain. Viewing the general situation, we know that the grain purchasing progress is not ideal enough. The governments at various levels should continue to concentrate energy, exert great efforts, regard the grain purchasing work as an important task, and thoroughly attend to it. According to the originally arranged plan, we should ensure the accomplishment of the grain purchasing work.

Zhang Rongmao set forth: The New Year's Day and the Spring Festival will soon arrive. So, we should arrange, in an earlier date, the processing and transportation of grain. From now on, the state-run grain enterprises should fix the prices of grain and unrestrictedly market grain. The government at each level should assign a principal leading comrade to grasp the current grain and oil purchasing and market work so as to ensure the stability of grain markets.

Liaoning Convenes Rural Work Conference

*SK2712090793 Shenyang Liaoning People's Radio
Network in Mandarin 2300 GMT 26 Dec 93*

[Text] The provincial rural work conference was ceremoniously held in Shenyang on 26 December. The goal of the conference was to comprehensively implement the guidelines of the central rural work conference, to accurately analyze the provincial rural economic situation, to sum up and exchange experiences, to define fighting targets, and to speed up the pace of making the rural areas become fairly well-off.

Present at the conference were provincial leading comrades Gu Jinchi, Yue Qifeng, Wang Huaiyuan, Zhang Guoguang, Shang Wen, Li Guozhong, Xu Wencai, Wen Shizhen, (Lin Xinbo), Xiao Zuofu, Wang Suzhi, (Xie Zhaozhong), (Zhao Qi), Cui Yukun, and (Xu Ze).

At the opening ceremony, Governor Yue Qifeng delivered a work report entitled "Define the Way of Thinking, Do Solid Work, and Fight for Realizing, ahead of schedule, the Target of Making the Rural Areas Become Fairly Well-off."

Yue Qifeng said in his report: Since the beginning of the 1990's, the party committees and governments at various levels across the province have guided the broad masses of the cadres and people on the agricultural front to deeply study Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and to conscientiously implement the party's policies toward the rural areas. Thus, historical changes have fundamentally taken place in the province's agriculture and rural economy. Particularly, this year, the province reaped bumper cropping harvests. The grain output in 1993 reached 16.96 million jin, an increase of 81 percent over the harvesting year of 1992. The livestock production steadily increased. Aquatic product industry was newly developed. New headway was made in the development of forestry. The rural areas accelerated the construction of infrastructural facilities. The revenues of the financial departments and the income of the peasants increased. The per capita net income of the rural people was expected to reach 1,100 yuan, an increase of 105 yuan over 1992.

Yue Qifeng said: Agriculture has been an industry to stabilize the country. Liaoning is a large industrial province. The urban areas have a large population. Thus, the peasants in the province undertake heavy burdens. So, we must not ignore the issue of feeding the people. Particularly, under the conditions of building the socialist economic market system, the society as a whole and the national economy have strengthened, but not weakened, their reliance on agriculture. Therefore, we should fully understand the problems cropping up in the course of agricultural development, continue to strengthen agriculture's role as the foundation of the national economy, and understand that strengthening agriculture's role as the foundation of the national economy is an important contents and a good guarantee of doing the second pioneering work. The agricultural front and the rural economic workers should take markets as a guidance; vigorously develop high-yield, good-quality, and high-efficient agriculture; continue to deepen the rural reform; perfect the

rural managerial system; strengthen the construction of agricultural infrastructural facilities; comprehensively develop agriculture; improve agricultural production conditions; vigorously implement the strategy of relying on science and education to rejuvenate agriculture; increase the input to agriculture; and continue to vigorously develop town and township enterprises.

He urged that the leading comrades at various levels across the province should strengthen their leadership over agriculture and the rural work, protect and regulate agriculture, support the key grain production areas and the poverty-stricken areas to develop the economy, improve work style, go deep to the grass roots, and make ceaseless efforts to study and solve the new problems relating to the rural economic development.

Liaoning Defines 1994 Rural Economic Work Tasks

*SK2712061593 Shenyang Liaoning People's Radio
Network in Mandarin 2300 GMT 26 Dec 93*

[Text] Upon the arrival of the new year, the provincial party committee and the provincial government defined the fighting goals and the guiding ideologies of the 1994 agricultural and rural work.

The main agricultural and rural economic work tasks of the province in 1994 are as follows: The grain output should be kept within 15 million tons; the output of meat, eggs, milk, and aquatic products should reach 4.04 million tons; the output value of town and township should surpass 200 billion yuan; and the per capita net income of the peasants should reach 1,250 yuan. Upon realization of these targets, the province will fulfill the 2000 planned goal six years ahead of schedule. The general guiding ideologies for agriculture and the rural economic work are to use the setup of the socialist market economic system as a target; use markets as a guidance; focus on efficiency; vigorously develop high-yield, good-quality, and high-efficient agriculture on the premise of never ignoring grain production; use town and township enterprises as [words indistinct] to positively develop the secondary and tertiary industries; accelerate the pace of modernizing agriculture and industrializing and urbanizing the rural areas; and comprehensively enliven the rural economy.

Liaohe Oil Field Increases Crude Oil Production

*SK2712061793 Shenyang Liaoning People's Radio
Network in Mandarin 2300 GMT 26 Dec 93*

[Summary] In 1993, Liaohe oil field turned out more than 14.8 million tons of crude oil, exceeding the planned target by more than 300,000 tons. The daily production of crude oil surpassed 40,000 tons, setting a record.

Northwest Region

Qinghai CPC Committee Opens Plenary Session

Secretary Views Party, Economic Work

*HK2512081793 Xining Qinghai People's Radio Network
in Mandarin 2300 GMT 23 Dec 93*

[Text] Yesterday morning, the Second Plenary Session of the Eighth Qinghai Provincial CPC Committee opened.

Provincial Secretary Yin Kesheng and Governor Tian Chengping made important speeches on the province's work. Provincial CPC Deputy Secretary Cai Zhulin chaired the session. Sang Jiejia, Chen Yanqin, Duo Ba, Wang Hanmin, and Yao Xiangcheng attended the session.

Comrade Yin Kesheng made a speech entitled, "Improving Our Understanding, Having Firmer Confidence, and Speeding Up the Establishment of the Socialist Market Economic Structure in Qinghai" on behalf of the provincial party committee. His speech was divided into three parts: 1) A review of the past year; 2) on structural reform and economic development; and 3) on strengthening party building and improving party leadership.

Yin Kesheng said: In the past year, through the efforts, solidarity, and hard work of cadres and masses throughout the province, new achievements have been made on all fronts. The overall situation is good. According to an estimate, this year the province's GNP will top 10 billion yuan and the growth rate will surpass 9 percent, fulfilling the target of guaranteeing an 8 percent increase and striving for a 9 percent increase in the national economy set by the 11th Plenary Session of the Seventh Provincial CPC Committee. Agriculture has seen a good harvest for seven consecutive years, animal husbandry development has remained stable, industrial production has entered a track of speedy growth, urban and rural markets are thriving, domestic and foreign trade is lively, the people's standard of living has further improved, and local revenue is expected to reach 1.1 billion yuan. Essential progress has been made in reform and opening up and economic construction has entered a new period of vigorous development.

Yin Kesheng pointed out: Positive and negative experiences in the past year have provided us with a deeper understanding of the following aspects: 1) It is necessary to unrelentingly implement the party's basic line. 2) It is necessary to correctly handle the relations between stabilizing the situation, reform, opening up, and economic development. 3) It is necessary to strengthen nationalities solidarity. 4) It is necessary to uphold the party's mass line. 5) It is necessary to foster good leadership groups and a good cadres contingent.

On structural reform and economic development, Comrade Yin Kesheng expressed some views about development ideas and focal links. He said: Establishing a new enterprise system is the focal point and orientation of state enterprise reform. Next year, one or two large- and medium-sized state enterprises should be selected for the trial establishment of a new enterprise system. Small state enterprises should practice all kinds of asset management methods. Some can introduce an inner shareholding system and a shareholding cooperative system, or they can practice an asset contract management system, a system of state ownership and civilian management, an independent operational system, or an auction system. Enterprises will be encouraged to form combinations so as to gradually form a number of key enterprise conglomerates. Debt-ridden enterprises without development prospects should pronounce their bankruptcy according to law.

Yin Kesheng added: The central issue in agriculture, animal husbandry, and rural work is increasing the peasants' and herdsman's income. The spirit of the central meeting on economic work should be conscientiously implemented, the party's policy on animal husbandry areas should be stabilized, all measures on agriculture and animal husbandry should be protected and strengthened, and efforts should be made for a good agricultural harvest. Township and town enterprises should strengthen their leadership, increase their investments, and speed up their development. We should ensure that in three years, township and town enterprises' output value will increase by two times over 1992. There is a need to continue to implement the principle of producing better economic results, irrespective of the nature of economic sectors, development rates, or production scales. A relaxed policy environment should be created for development. We should also carry out the exploitation of resources, optimize and adjust the industrial structure, and pay attention to the cultivation and development of the market structure.

On strengthening party building and improving party leadership, Yin Kesheng said: In the new situation of strengthening reform, opening up, and the establishment of the socialist market economic structure, all-level party committees should further strengthen party building and strengthen and improve party leadership over all work so as to provide a powerful guarantee for the fulfillment of next year's tasks in the province. He said: In this respect, an important thing is to seriously study Volume 3 of the *Selected Works of Deng Xiaoping*, to strengthen leadership groups at all levels, to improve party style and run a clean administration, to promote socialist spiritual civilization, to carry forward the spirit of hard struggle and seeking truth from facts, and to constantly improve our work style.

Governor Views Economic Work

HK2612022093 Xining Qinghai People's Radio Network
in Mandarin 2300 GMT 23 Dec 93

[Text] In a speech to the Second Plenary Session of the Eighth Provincial CPC Committee yesterday morning, Tian Chengping, provincial party deputy secretary and governor, pointed out the need to emancipate minds, seize the opportunity, and expedite reform, opening up, and economic construction.

In his speech, after reviewing economic work over the past year, Tian Chengping said: In the course of fully estimating the good situation, we should also soberly understand that there are still many difficulties and problems in our advance. Therefore, we should first strengthen our sense about opportunity and seize the opportunity to speed up reform and development; second, we should further emancipate our minds and persist in seeking truth from facts; third, we should correctly understand relations between reform, development, and stability; and fourth, we should correctly understand and properly handle relations between development rates and economic results.

Tian Chengping said: Next year will be the fourth year for the implementation of the Eighth Five-Year Plan and will also be a crucial year for speeding up development and

deepening reform. Whether or not we can maintain a speedy economic development trend in the province has an important bearing on whether or not we can successfully fulfill the Eighth Five-Year Plan and on whether or not we can ensure an 8 percent increase and strive for a 9 percent increase. We should concentrate our efforts on economic work and carry it out in a down-to-earth manner. The guiding principles for the province's 1994 economic work are: Guided by Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line, we will comprehensively implement the spirit of the 14th CPC National Congress and the Third Plenary Session of the 14th CPC Central Committee and will seize the favorable opportunity to widen the scope of reform and opening up and expedite the exploitation of resources. On the basis of optimizing the structure, improving quality, and producing better economic results, we will maintain the sustained, rapid, and healthy [order of adjectives as published] development of the national economy. According to these guiding principles, we will initially arrange the growth for the 1994 GNP at 8 percent, the gross industrial output value at 10 percent, the gross agricultural output value at 3.5 percent, and the peasants' and herdsmen's per capita net income at 11 percent, to stand at 750 yuan.

Tian Chengping continued: To achieve this end, next year we will further strengthen the basic position of agriculture and animal husbandry, expedite the exploitation of resources, optimize the structure, improve quality, strengthen management, increase economic results, enable existing enterprises to scale new heights, actively explore domestic and international markets, do a good job in the circulation field, improve financial and monetary work, alleviate fund shortages, and energetically develop different kinds of economic sectors.

In his speech, Tian Chengping also proposed: There is a need to speed up the establishment of the new socialist market economic structure to provide a strong impetus for Qinghai's economic development. We should arm our minds with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and work hard to improve our leadership skills. He added: On the whole, political work is [words indistinct]. In other words, we should implement the principles and policies of the party Central Committee and the State Council in coordination with the decisions of the provincial party committee worked out according to Qinghai's specific conditions. In particular, we should encourage the spirit of being practical and efficient and unite the people of all nationalities throughout the province in solidly and diligently performing tasks in all fields.

Qinghai Promotes Education for Ethnic Minorities

OW2712075393 Beijing XINHUA in English 0718 GMT
27 Dec 93

[Text] Xining, December 27 (XINHUA)—Northwest China's Qinghai Province has made headway in promoting the development of education for various ethnic minorities.

Forty-two percent of Qinghai's 3.9 million residents are members of the Hui, Tibetan, Mongolian, Kazak or other minority groups, which are marked by diverse cultural traits and religious beliefs.

Various types of schools have been set up in areas inhabited by the ethnic peoples, such as boarding schools on the vast grasslands for Mongolian and Tibetan students.

Girls' schools have been opened for children of the Hui and Salar nationalities, most of whom are Muslim.

Universities in the province have opened special courses in such areas as economics, management and law for minorities.

Polytechnical schools that feature majors in animal husbandry, machine maintenance and other practical areas of study have boomed in regions inhabited by minority nationalities. The province has over 1,780 schools for minorities, including universities, polytechnic schools, middle schools and primary schools.

There are more than 240,000 ethnic students attending schools in Qinghai.

Qinghai Makes Better Use of Natural Resources

OW2712040493 Beijing XINHUA in English 0318 GMT
27 Dec 93

[Text] Xining, December 27 (XINHUA)—Northwest China's Qinghai Province has been banking on the abundance of natural resources in areas inhabited by ethnic minorities as a measure to gear local economies into the fast track of development.

Though rich in natural resources such as potassium, magnesium, lead, zinc, as well as copper, gold ore, natural gas, petroleum and hydroelectric resources, Qinghai has remained underdeveloped due to failing to make good use of its wealth of resources. So it has long been known as a province of "rich poverty."

Thanks to the introduction of more flexible policies, increased input of exploitation funds and manpower, the province has been turned into a major supplier of energy and raw materials in the west of the country.

The first-phase construction of the Qinghai oilfield and Qinghai potash fertilizer plant has been completed. Along with the Longyangxia hydroelectric plant, Xitieshan lead and zinc mine and Minhe magnesium plant, they have become the economic mainstay of the province.

The Longyangxia hydroelectric plant, for example, has helped to make Qinghai, which used to have to bring in electricity from other provinces, into a major supplier of electricity to places far from its borders.

The 200,000-ton Qinghai lead plant has gone into initial production, with current annual capacity standing at 100,000 tons.

In Haitong Prefecture, whose township undertakings are best known, a "corridor of ferro-silicon mines" has taken root.

The province, meanwhile, produces more than 160,000 tons of non-ferrous metal every year.

Following the exploitation of the province's natural resources, more than a score of modern industrial towns has mushroomed, which in turn helps inject vigor into local economies.

Starting in the mid-80s, Qinghai has been taking advantage of the country's westward movement of key construction projects.

As a result, the one-million-ton gulmud oil refinery became operational in October this year.

Meanwhile, the construction of the two-million-kw Lijiaxia hydroelectric plant is in full swing. The province has signed a contract with israel for the second-phase construction of the 800,000-ton Qinghai potash fertilizer plant, the largest foreign investment project in the province.

Local officials say some half a dozen key state projects are under construction in Qinghai, which is planning to allocate 10 billion yuan (about 1.7 billion U.S. dollars) over the next seven years for exploiting natural resources in ethnic areas.

To couple with the build-up of the country's key state projects in the west, Qinghai has singled out 10 counties for intensively developing local resources.

The Tibetan Autonomous Prefecture of Yushu has invested 250 million yuan (about 43 million U.S. dollars) in exploitation of reserves of coal, gold ore, jade and copper, equivalent to the total figure for the past 40 years.

Moreover, experimental zones for economic reforms have been established in two of the autonomous prefectures. An economic development zone in the boomtown of Gulmud has drawn 540 million yuan (about 93 million U.S. dollars) in investment from both home and abroad.

The drive to tap natural resources in Qinghai's ethnic areas has proved fruitful. The total industrial output value in the province's autonomous prefectures and counties has topped over 1.6 billion yuan (about 276 million U.S. dollars), more than eight times that of a decade ago.

Shanghai Mayor Views Cross-Strait Economic Ties

OW2712120893 Beijing XINHUA Domestic Service in Chinese 1217 GMT 14 Dec 93

[By reporter Luo Kangxiong (5012 1660 7160)]

[Text] Shanghai, 14 Dec (XINHUA)—A two-day "seminar on cross-strait economic and trade cooperation and the development of the Pudong-Chang Jiang economic belt" opened in Shanghai today. People from economic and academic circles from both sides, who were attending the seminar, called on the two sides of the Taiwan Strait to strengthen exchanges and cooperation in jointly developing Shanghai's Pudong and the Chang Jiang economic belt, and to work hard for the Chinese nation's prosperity.

Shanghai Mayor Huang Ju delivered an address at the opening ceremony. He said: Cooperation between Shanghai and Taiwan entrepreneurs has progressed rapidly. There are 1,200 Taiwan-funded enterprises in the municipality, and the scope of bilateral cooperation is expanding, particularly striking being cooperation in the service sector. He believed that the seminar would offer valuable suggestions for Shanghai's future work.

Addressing the seminar, Wang Daohan, chairman of the Association for Relations Across the Taiwan Straits [ARATS], said: Shanghai, Pudong, and the Chang Jiang area are important for China's economic development. The ARATS is ready to work for the continued development of economic and trade cooperation between the two sides of the strait. He disclosed that in consultation with the relevant departments, the ARATS is drawing up a document aimed at protecting the interests of Taiwan investors on the mainland and at encouraging Taiwan businessmen to invest in the mainland, adding that the document is expected to be promulgated next spring.

According to Zhao Qizheng, vice mayor of Shanghai and chairman of the Pudong New District Administrative Committee, Taiwan businessmen have played a positive role in promoting the development of Pudong. By the end of October this year, Taiwan businessmen had invested in 169 projects in Pudong, with a total contract volume of \$143 million. The vice mayor sincerely hoped that more enterprises from Taiwan would invest in Shanghai and Pudong. The president of the Yushan Bank in Taiwan, Lin Zhongxiong [Lin Chung-hsiung], said as the mainland is the world's future largest consumer market, there is great potential for economic development there. According to a rough estimate, six years ago the proportion of Taiwan businessmen's investment in the mainland to their overseas investment was 7 to 1. The ratio has risen to more than 5 to 3 recently. The investment pattern has also shifted from purely processing- and export-oriented projects to market-oriented projects.

The seminar was organized by ZHONGGUO XINWEN SHE and the Shanghai Universal Stock Company, with the

assistance of Taipei's [Taipei] ZHONGGUO SHI BAO [CHUNG KUO SHIH PAO].

Taiwan SEF Official Comments on Taipei Talks

HK2712111493 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1301 GMT 22 Dec 93

["Special interview" by reporter Li Hsiao-tsun (2621 1321 6150)]

[Text] Taipei, 22 Dec (ZHONGGUO TONGXUN SHE)—On the eve of the end of the Taipei talks, Chiao Jen-ho, Taiwan Strait Exchange Foundation [SEF] chairman and secretary general, affirmed the progress made in the Taipei talks in a special interview with Hong Kong media and emphasized that if no agreement was reached in the Taipei talks, exchanges and negotiations between the SEF and the Association for Relations Across the Taiwan Strait [ARATS] would continue all the same. He was full of confidence in the prospects for developments in cross-strait relations.

General Impression of the Taipei Talks

In assessing the current Taipei talks, Chiao Jen-ho stated that it would be unsatisfactory and disappointing if the talks fail to reach an accord. However, such an outcome would not be too surprising. He explained that there were many problems in cross-strait relations, and political considerations have to be made even when dealing with routine affairs. People should be patient; one should not expect an agreement after one or two meetings. Nevertheless, compared with the Beijing, Xiamen cross-strait talks last August and November, marked progress has been made in the current talks. Furthermore, the fact that the ARATS delegation came to Taiwan for negotiations on routine affairs between the ARATS and SEF was in itself a great breakthrough.

Hoping for an Early Convocation of "Chiao-Tang" Talks

Chiao Jen-ho stated that he had all along advocated the idea of promoting high-ranking ARATS-SEF ties, especially high-ranking mainland figures visiting Taiwan. He explained that, prior to the current talks, a letter was sent inviting ARATS acting Vice Chairman Tang Shubei to a meeting in the near future to negotiate ARATS and SEF routine affairs, which would be totally different from the Taipei talks. Of course, should there be an accord reached in the current talks, and should Mr. Tang come to Taiwan to sign the accord, that would be better, and make everyone happy. Should there be no accord, Mr. Tang would put off his trip to Taiwan, but this was not a scenario he had in mind. He personally believed that he would promote the "Tang-Chiao" meeting and negotiation as quickly as possible in the spirit of the document on the ties between ARATS and SEF workers signed at the "Wang-Ku" talks, and the specific time and place for the meeting would be decided through further negotiations.

Setting Up a Branch in Hong Kong Will Be the Work Focus in 1994

Chiao Jen-ho believed that the number of Taiwan residents and businessmen going to the mainland via Hong Kong had increased with each passing day, and some routine issues were surfacing. The SEF, as a nongovernment intermediary organization, hopes that it can resolve some difficulties for Taiwan residents. This being the case, the SEF is planning to set up a branch in Hong Kong, which would be an SEF work focus in 1994. However, Chiao Jen-ho stressed that the matter would call for communication with Hong Kong's related departments, and be possible only with their consent.

Bright Prospects for Development in Cross-Strait Relations

Since Secretary General Chiao took office, he has on several occasions said that cross-strait relations were facing a breakthrough. On this point, he believed that the goal of their efforts was to melt hostility. Chiao Jen-ho stressed that although the SEF was an authorized nongovernment organization, it would actively plan for cross-strait ties. As to those issues still awaiting solutions, he believed that the gap in understanding between the two sides had already narrowed, and through patience and time those issues could be resolved. Furthermore, the Chinese are wise and intelligent. Chiao Jen-ho said that he was confident in the continuous breakthrough and development of the future cross-strait relations.

Defense Minister Denies Developing Nuclear Device

OW2712143793 Taipei CNA in English 1401 GMT 27 Dec 93

[Text] Taipei, Dec. 27 (CNA)—National Defense Minister Sun Chen on Monday [27 December] denied a foreign news report that the Republic of China [ROC] is among the six countries in the world now striving to develop nuclear weapons.

The National Broadcasting Corp. of the United States in a broadcast Sunday reported that Taiwan, South Korea, Iraq, Iran, Libya, and Algeria are sparing no efforts to become members of the world's nuclear arms club.

"The report is totally groundless," Sun [words indistinct] an inquiry at the Legislative Yuan, emphasizing that the ROC has no intention to produce nuclear devices.

He said the existing nuclear equipment on the island is for peaceful purposes, and that the island's three nuclear power plants are used solely to satisfy energy requirements here.

Military Exports, Imports To Be Reported to Trade Board

OW2412091993 Taipei CNA in English 0805 GMT 24 Dec 93

[By Lillian Lin]

[Text] Taipei, Dec. 24 (CNA)—Imports and exports of military hardware must be reported to the Board of Foreign Trade under new regulations worked out with the Ministry of National Defense.

The regulations are expected to take effect after cabinet approval and will allow for the value of the trade in military hardware to be added to statistics about Taiwan's foreign trade, an informed source said.

Currently, the import and export of military goods is handled solely by the Defense Ministry. As a result, the Customs Bureau has no way of knowing the value or amount of military goods entering or leaving Taiwan.

Under the new regulations, the Defense Ministry will be required to report the value and number of military imports and exports. However, for reasons of national security, the ministry will not be required to detail the contents of any military shipments, the source added.

Navy Captain's Death Said Linked to Arms Procurement

OW2312205393 Taipei CNA in English 1358 GMT 23 Dec 93

[Text] Taipei, Dec. 23 (CNA)—The Control Yuan, the highest watchdog body of the Republic of China [ROC], resolved Thursday [23 December] to investigate the murder of Navy Captain Yin Ching-feng, which may be linked [words indistinct] greatest arms purchase scandals in the nation's history.

Yin, executive director of the Weapons Acquisition Office of Navy Headquarters, was killed Dec. 9 and his body dumped in the waters off the coast of eastern Taiwan.

His death is believed to be the result of a recent shift of the Navy's arms procurement authority from the Weapons Acquisition Office to the Logistics Department. The move has apparently triggered serious conflicts of interest among arms middlemen, according to legislator Chu Kao-cheng.

Yin's death has been said linked to the Navy's procurement of a German minesweeper and parts worth some U.S. \$39 million.

Chu speculated, however, that Yin's murder was not related to the minesweeper project, but to purchases of German submarines and French Lafayette Frigates worth tens of billions of U.S. dollars.

Bureau of Criminal Investigation officials said they are keeping in close contact with Los Angeles police concerning two suspected assailants of Yin, surnamed Chang and Wong, who reportedly fled Taiwan to Los Angeles after the murder, and in the past two days again to Canada.

Adding fuel to the fire legislator Ting Shou-chung Thursday claimed that the May death of Army Colonel Kung Swei-sheng was also linked to the purchase of military hardware.

Ting labeled as "absurd nonsense" the death report issued by the Ministry of National Defense saying that Kung died of AIDS, and alleged a cover-up by the ministry.

Saying the killings of the two officers were only "the tip of the iceberg" Ting suggested that an intra-ministry committee be formed to investigate corruption in the Armed Forces and to manage military procurements.

SEF Leader on Solving Beijing, Taiwan 'Differences'

OW2412101893 Taipei Voice of Free China in English 0200 GMT 24 Dec 93

[From the "News" program]

[Text] Secretary-General of the Strait Exchange Foundation Chiao Jen-ho stated on Thursday morning [23 December] that, in order to solve the differences between the two sides regarding legal jurisdiction matters, Taiwan must have the strength and might in order to reject the unreasonable demands of the mainland side.

He said that Taiwan must have the (?status) [words distinct] to play with on its side in order to force an agreement to be reached. As to when Taiwan will have the strong sense to force the mainland into agreeing to such a pact recognizing Taipei's legal jurisdiction, Chiao said that the public must have faith.

Chiao reaffirmed that there were achievements at the recently concluded Taipei talks between the two sides even though no formal agreements were signed.

ARATS Vice Chairman Reportedly Unlikely To Visit*OW2312135093 Taipei Voice of Free China in English
0200 GMT 22 Dec 93*

[From the "News" program]

[Text] Tang Shu-pei [Tang Shubei], vice chairman of Mainland China's Association for Relations Across the Taiwan Strait [ARATS], will not be able to visit Taiwan this month as he hopes, said Mainland Affairs Council [MAC] Vice Chairman Kao Kung-lian.

Kao said: If Tang comes to Taiwan without signing an agreement for the ARATS, the visit will be basically meaningless. MAC vice chairman said: It is better for Tang to come here after some kind of consensus is made during the Taipei talks. Taipei would like Tang to come almost immediately if the current talks going on between the two sides in Taipei could reach some sort of an agreement.

The ARATS faxed a letter to the Straits Exchange Foundation [SEF] on Monday [20 December], saying that Tang and the ARATS Secretary General Chou Che-kai [Zhou Zhekai] accepted an earlier SEF invitation to pay a five-day visit to the island. Tang also asked the SEF to give the date if it is appropriate for his Taipei visit. He will be the highest-ranking mainland representative to visit Taiwan since the 1949 Chinese civil war that separated Taiwan and Mainland China.

SEF, ARATS Jan Meeting 'Likely'*OW2312205493 Taipei CNA in English 1406 GMT 23
Dec 93*

[Text] Taipei, Dec. 23 (CNA)—The meeting between the deputy heads of the Straits Exchange Foundation (SEF) and Mainland China's Association for Relations Across the Taiwan Strait (ARATS) will likely take place early next year in Beijing.

The SEF, in a fax to its mainland counterpart, said that vice chairman and Secretary-General Chiao Jen-ho is planning to meet ARATS vice president and Secretary-General Tang Shubei in Beijing at the invitation of ARATS in the latter half of January.

SEF spokesman Shih Chi-ping [name as received] said the two will discuss issues related to SEF-ARATS exchanges.

The ARATS sent its invitation on Dec. 2, the day Chiao, the former vice chairman of the Mainland Affairs Council, assumed his present duties.

SEF and ARATS concluded their third round of technical negotiations Wednesday [22 December] in Taipei without any concrete agreement.

Tang was to have met Chiao in Taipei to sign agreements worked out during the talks, but his trip was suspended when the talks ended fruitlessly [words indistinct] according to the agreement reached by SEF chairman Ku Chen-fu and ARATS president Wang Daohan in April in Singapore, the deputy heads of the two organs should meet regularly every six months to exchange views on cross-strait exchanges.

Minister Reiterates Determination To Join GATT*OW2312135393 Taipei Voice of Free China in English
0200 GMT 18 Dec 93*

[From the "News" program]

[Text] Taiwan will have to pay a higher price to join GATT in view of the new accord reached by the world trade body, the economics chief said Thursday [16 December].

Economics Minister Chiang Ping-kun said: Under the new Uruguay Round agreement, the extent of market liberalization and tariff reduction would be bigger than what was planned by the ROC [Republic of China] Government. He said: The agricultural sector would be most adversely affected by the General Agreement on Tariffs and Trade's new pact to eventually phase out nontariff restrictions. On the other hand, tariffs on various imports will have to be reduced drastically as decided by the GATT's Uruguay Round of Talks.

Chiang said, quote, As all the countries in the Uruguay Round agreed to reduce their tariffs by more than one-third, we will be pressured to lower ours by more than what we originally planned for our future GATT entry talks, unquote. However, Chiang reiterated the government's determination to join GATT as soon as possible. He pointed out that it would be crucial for Taiwan to join GATT before the establishment of the world trade organization in July 1995.

Israeli Electronics Firm Seeking Cooperation*OW2412092193 Taipei CNA in English 0811 GMT 24
Dec 93*

[By Y. C. Tsai]

[Text] Taipei, Dec. 24 (CNA)—A prestigious Israeli electronics manufacturer recently said it is hoping to team up with its Taiwan counterparts for the production and marketing of electronics products, according to an official of the China External Trade Development Council (CETRA) Friday [24 December].

Huang Hiao-kuang, director of the CETRA Trade Opportunity Project (TOP), said Israel's largest electronics producer, the Tadiran Group, has expressed its interest in providing technology for production of electronics products in Taiwan.

The Tadiran Group's nine affiliated enterprises produce digital exchange systems, communications interface modules, hybrid integrated circuits, transmitters, military-use radio sets and lithium batteries, he said.

Cooperative ties with the Israeli firm will eventually lead to commercialized production of such goods in Taiwan, whose investors could use Israel as the gateway to penetrate the vast North American Free Trade Agreement (NAFTA) and the European Community markets, he stressed.

To this end, he elaborated, domestic electronics firms could consider establishing strategic alliances with the Israeli group to help ensure technology transfers and a preferential tax treatment on exports to the United States.

Now is the best time for enterprises of the two countries to enter into a joint venture as the Israeli Government is planning to work with Jordan, Lebanon, Palestine, and Syria on a business operations center in the Middle East, he added.

The director pledged that CETRA would do its best to promote business cooperation between the two countries, saying the TOP team has already established a partnership with Israel's business promotion center and manufacturers association.

Investor To Build Export Processing Zone in Paraguay

OW'2412092293 Taipei CNA in English 0820 GMT 24 Dec 93

[By Lilian Wu]

[Text] Taipei, Dec. 24 (CNA)—A Taiwan investor will begin construction later this month on Paraguay's first export processing export zone, the head of the Industrial Development and Investment Center (IDIC) said Thursday [23 December].

Director-General Kao Y-hsin said the Taiwan-built export processing zone will be the first one of its kind in the South American country, and will help attract increased Taiwan investment in Paraguay.

Construction of the export zone is expected to be completed by the end of 1994.

The export processing zone, to be built in eastern Paraguay near the Brazilian border, will not only cement ties with Paraguay, but will also provide a chance for Taiwan businessmen to make inroads into the nearby Brazilian, Argentinean and Uruguay markets.

Paraguay is the only country in South America with which the Republic of China [ROC] has diplomatic ties and signed an investment guarantee pact.

Paraguay is rich in cotton, soybeans, beef, timber and leather. Most Taiwan business there are involved in the timber processing, electronics and electric products, garment and cosmetics industries.

Kao said Taiwan hoped that Paraguay could supply tax incentives, update its labor law to encourage more Taiwan businessmen to invest there.

Kao said Taiwan businessmen should get involved in the plastics processing, garment, food processing, leather processing and electric industries in Paraguay.

Taiwan exports to Paraguay totaled US\$44.2 million in 1992 while imports from that country totaled US\$14.9 million during the same period.

Hong Kong

PRC Spokesman: Legislature Should Be Dissolved in 1997

HK2712141493 Beijing XINHUA Hong Kong Service in Chinese 0830 GMT 27 Dec 93

[Text] Beijing, 27 Dec (XINHUA)—Recently, a staff reporter interviewed a spokesman for the State Council's Hong Kong and Macao Affairs Office on the tenures of members of the last Legislative Council, district boards, and municipal councils to be produced in the 1994-95 elections, and he made the following remarks on the question:

According to the provisions of the Sino-British Joint Declaration and the Basic Law, the Chinese Government will resume the exercise of sovereignty over Hong Kong on 1 July 1997, and the British Government will return Hong Kong to the PRC the same day and its administrative powers over Hong Kong will end on 31 June 1997, and the British Hong Kong administrative structure will also end with them. This is the inevitable outcome when China resumes the exercise of sovereignty over Hong Kong and when British rule over Hong Kong ends.

The tenures of the British Hong Kong Legislative Council, district boards, and municipal councils are all four years as provided for by the Royal Instructions and relevant regulations and articles. As mentioned above, the Legislative Council, district boards, and municipal councils are all components of the political structure of the British Hong Kong authorities and therefore all relevant laws and regulations regarding the three levels of organizations will be repealed in their entirety on 1 July 1997 following the end of British rule as they inevitably conflict with the Basic Law, and the three levels of organizations should also be dissolved on 30 June 1997 and be reorganized in accordance with the provisions of the Basic Law and the National People's Congress decisions.

The Chinese Government had wished to cooperate with the British Government through talks and to make arrangements for the transition of members of the three levels of organizations on the basis of convergence with the Basic Law, and had made positive efforts to this end. Nonetheless, as a result of the British deliberate violations [po huai 4275 0975], the hopes finally came to nothing, and we are very disappointed with this.

Additional Report on Remarks

OW2712102493 Beijing XINHUA in English 1006 GMT 27 Dec 93

[Text] Beijing, December 27 (XINHUA)—The Chinese Government will, in accordance with the Sino-British Joint Declaration and the Basic Law, recover sovereignty over Hong Kong on July 1, 1997, a Chinese official said here today.

He added that at the same time, the British Government should return Hong Kong to the People's Republic of China, and that its administrative power over Hong Kong should expire on June 30, 1997, when the British Hong Kong political structure is due to be put to an end.

The spokesman for the Hong Kong and Macao Affairs Office of the State Council (HKMAOSC) made these remarks while responding to questions from XINHUA reporters concerning the arrangements for the 1994/95 elections of the Legislative Council, district boards and two municipal councils made by the British Hong Kong Government.

"This is an inevitable outcome of China's recovery of its sovereignty over Hong Kong and of Britain's termination of its rule over Hong Kong," he said.

The spokesman said that the office terms of members of the Legislative Council, district boards and two municipal councils of the British Hong Kong Government are stipulated as being four years.

But, he stressed, with the termination of British rule, all laws concerning the office terms of the three level structure will also be abolished on July 1, 1997, due to their contravention of the Basic Law.

As component parts of the political structure of the British Hong Kong authorities, the Legislative Council, district boards and two municipal councils should be disbanded on June 30, 1997, and then reorganized according to the relevant stipulations of the Basic Law and the decisions of the National People's Congress, he said.

The Chinese Government has hoped that the arrangements for a transition of the three level councils could be made on the basis of the principles of convergence with the Basic Law and through negotiations between the Chinese and British Governments, he said, adding that the Chinese Government has made positive efforts to achieve this goal.

But, the spokesman emphasized, it is a pity that no agreement has been reached due to deliberate sabotage by the British side.

XINHUA Official Says Hong Kong Laws To Be Reviewed

OW2712133993 Beijing XINHUA in English 1321 GMT 27 Dec 93

[Text] Hong Kong, December 27 (XINHUA)—All laws in force in Hong Kong at present shall be re-examined before being allowed to remain in place after 1997 as required by the Basic Law, a Chinese official said here on Sunday.

Zhang Junsheng, deputy director of XINHUA NEWS AGENCY Hong Kong branch, made the remarks to reporters when asked to comment on the allegation by "some people" that such re-examination runs against the Basic Law of the future Hong Kong Special Administrative Region (SAR).

Zhang said "some people do not have even the common sense. They have never seriously studied the Basic Law, nor have they ever thought of following or defending the Basic Law."

The Basic Law provides that after China resumes the exercise of its sovereignty over Hong Kong in 1997, Hong Kong's original laws in contravention of the Basic Law shall be amended or cease to have force.

"Without such reexamination, how can we know whether the original laws in Hong Kong are in contravention of the Basic Law or not?" Zhang asked.

The re-examination work has been included in the working plan of the preliminary working committee of the preparatory committee for the SAR as the British side has undermined the mechanism of the Sino-British Joint Liaison Group which is supposed to deal with affairs relating to transition affairs.

XINHUA Official Underscores Prosperity, Stability

OW2412114493 Beijing XINHUA Domestic Service in Chinese 0730 GMT 24 Dec 93

[Text] Hong Kong, 24 Dec (XINHUA)—Zhang Junsheng, deputy director of the Hong Kong Branch of XINHUA, indicated here that all activities involving Hong Kong's transition in 1997 will cease on 30 June 1997, except those which have been clearly specified in the Basic Law or for which an agreement has been reached between China and Britain through consultations.

Answering questions raised by Hong Kong journalists yesterday, Zhang Junsheng said: When China and Britain proceeded with their consultations on the 1994-95 election in Hong Kong, China told Britain clearly that if the British take unilateral action to submit the "political reform bill" to the Hong Kong Legislative Council when no agreement has been reached between China and Britain, this means Britain terminates the talks unilaterally. Now you ask us to come in after you have closed the door. How can we enter? Zhang Junsheng said: You have packed your briefcase and left the negotiation table, but you still ask us to sit there and talk. What are we going to talk about?

Zhang Junsheng added: The Sino-UK Joint Liaison Group was to discuss issues concerning Hong Kong's transition, but the consultation mechanisms have been wrecked by the "political reform bill," which goes against the three principles [adherence to the Sino-British Joint Declaration, convergence with the Basic Law of the future Hong Kong Special Administrative Region, and the observance of the agreements and understandings reached by China and the UK]—the bill which Chris Patten put forward last year. He said, as to the handling of certain specific issues, the Preliminary Committee will discuss them and come up with suggestions for the Preparatory Committee for the Hong Kong Special Administrative Region to make decisions.

Expressing the hope Hong Kong will become more stable and prosperous in 1994, Zhang Junsheng said everything we do is for Hong Kong's prosperity, stability, and steady transition.

Discusses Transition Affairs

OW2412131793 Beijing XINHUA in English 1221 GMT 24 Dec 93

[Text] Hong Kong, December 24 (XINHUA)—All matters relating to Hong Kong's transition will not go beyond July 1, 1997, except those spelt out in the Basic Law or on

which an agreement was reached between China and Britain, a Chinese official said.

Zhang Junsheng, deputy director of XINHUA NEWS AGENCY Hong Kong Branch, stressed that the Sino-British Joint Declaration provides that the government of Britain over Hong Kong will come to a definite end on June 30, 1997.

He singled out the transition of the district boards and two municipal councils among other matters of this category.

As for the transition of these district organizations, Zhang said the Preliminary Working Committee of the Preparatory Committee for the Future Special Administrative Region (SAR) will discuss the matter and put forward suggestions to the preparatory committee of the SAR.

On the question of the transition of officials at secretarial level, Zhang said officials at this level will be nominated by the chief executive of the future SAR and appointed by the central people's government.

Meanwhile, at the monthly meeting of the regional council Thursday [23 December], most of the councillors objected to Governor Chris Patten's proposal to scrap the council's appointed seats and praised appointed councillors for their contributions to local communities.

On Transition of Regional Bodies

HK2412091093 Hong Kong WEN WEI PO in Chinese 24 Dec 93 p 12

[Unattributed article: "Zhang Junsheng Stresses That Transition of Regional Organizations Is Impossible Without Agreement Between China and Britain Through Consultation"]

[Text] Zhang Junsheng, deputy director of the XINHUA Hong Kong Branch, said yesterday that all affairs concerning the transition in 1997 cannot go beyond 1 July 1997 unless there are definite stipulations in the Basic Law or agreements reached between China and Britain through consultation. The transition of Hong Kong's regional organizations is one such affair. As to the handling of some concrete issues, it is believed that the Preliminary Work Committee will discuss it and put forth proposals, which will be decided by the Preparatory Committee of the Hong Kong Special Administrative Region [HKSAR] in the future. Zhang Junsheng further explained that what Deputy Director Zheng Guoxiong said the other day with some friends was also in the same spirit.

When asked about his attitude toward the Hong Kong Government's intention of holding discussions with the Chinese side on matters concerning the transition of principal officials of civil service, Zhang Junsheng said there are already definite stipulations in the Basic Law. Principal officials of the civil service will be nominated by the chief executive of the HKSAR and appointed by the Central People's Government. Anyone who has read the Basic Law is clear about this.

Zhang Junsheng continued: According to the Sino-British Joint Declaration, the British rule over Hong Kong will end on 30 June 1997. Therefore, all matters concerning the 1997 transition cannot go beyond 1 July 1997 unless there

are definite stipulations in the Basic Law or agreements reached between China and Britain through consultation. The transition of regional organizations is one such matter.

He pointed out once again yesterday that the British side should be held responsible for the termination of Sino-British talks. He said: At the 17th round of talks, the representative of the British side was instructed to announce the termination of the first stage of talks. On 7 April this year, when both sides were discussing the issue of resuming talks, the Chinese side put forth five conditions for the resumption of talks. One of them was that if the British side took unilateral action and submitted the political reform package to Hong Kong's Legislative Council before agreement was reached between both sides, it would mean the termination of talks by the British side. Thus, the British side should be held fully responsible for the termination, because it was already clearly stated at that time. That is why I said the other day that if you ask me to come in but have closed the door, how could I enter? You have left the negotiation table with your briefcase and ask us to stay and talk. Who shall we talk with, and what shall we talk about?

Zhang Junsheng continued: Originally, the Sino-British Joint Liaison Group [JLG] was established to discuss matters concerning Hong Kong's transition. But the consultation organ has been sabotaged by Mr. Chris Patten since he put forth his political reform package last year, which is characterized by "three violations."

On questions concerning promulgation of the draft regulations of the Airport Administration Bureau and the meeting time of the Airport Committee, Zhang Junsheng said they are all affairs managed by the JLG and the reporters may directly refer them to Ambassador Guo Fengmin.

On the eve of Christmas and New Year's Day, Zhang Junsheng also expressed his new year wishes. He hoped that in the year 1994, Hong Kong will be more stable and more prosperous than ever before. He also wished everyone good luck in the new year.

A reporter asked: "What wish do you have on Hong Kong's political issue?"

Zhang Junsheng replied: "All our work is aimed at ensuring Hong Kong's stability, prosperity, and smooth transition. What we are doing now is all for this purpose."

Editorial on Patten's 'Skillful' Playing of 'Cards'

*HK2712052093 Hong Kong TA KUNG PAO in Chinese
23 Dec 93 p 2*

[Editorial: "Chris Patten Is Skillful At Playing 'Cards,' but This Will Prove To Be to No Avail"]

[Text] Chris Patten has harped on about separating politics and the economy; however, facts over the past year or so give evidence to the fact that his statements serve only as lectures for others, but that he himself would never put this into practice. When he wants to achieve some purpose economically, he adds pressure politically, and vice versa. Chris Patten has never genuinely separated politics and the economy.

These days, particularly, in the wake of Chris Patten actions to terminate the talks, he has been up to something economic in order to compel the Chinese side to accept that "three violations" package of his, saying that "Chinese exports to Britain are double the latter's exports to China, and the British Government supports China's restoration of its GATT membership," and that the Chinese side "should be cool." Between the lines, the Chinese side must be careful; should it reject Chris Patten's constitutional reform package, it might lose the British market as well as British support for China recovering its membership of GATT. This is precisely playing the "economic card" to put pressure on China.

Chris Patten has played numerous cards in the year or so since he arrived in Hong Kong! The "democracy card," the "international card," the "public opinion card," the "economic card" and so forth. It is also true that Chris Patten is skillful at playing his "cards," but it will prove to be to no avail.

First, he played the "democracy card." Chris Patten unilateral announcement of his "three violations" constitutional reform package gave rise to heated debate. Chris Patten said that the goal of his "constitutional reform" was "to expand democracy" and to fight for "maximum democracy" for Hong Kong residents, whereas the Chinese side and Hong Kong residents pointed out that the argument was not the issue of whether or not democracy was called for, but one of whether or not the "three conformities" principle should be adhered to. When Hong Kong residents and some British people with insight posed such questions as "Hong Kong has never enjoyed any democracy over past 150 years, why should Britain allow Hong Kong residents such great democracy on the eve of the British withdrawal," his veil was removed and the "democracy card" did not work any longer. Later, John Major had to change his tune, while openly acknowledging that the Sino-British dispute "was not one about democracy," "both the Sino-British Joint Declaration and the Basic Law have explicitly stipulated that Hong Kong should gradually develop democracy."

Begging for international support, Chris Patten made slight of the hardships and visited several countries, but scored scanty results, except a couple of statements for his own appreciation and excuses to console himself. Just consider, on the one hand, China is enjoying such a high rate of economic development with such a large market of a population of 1.1 billion; on the other, who in the world is willing to lose the market of greatest attraction to support Chris Patten in confronting China and endangering Hong Kong at the cost of the tremendous interests of his own country? Who in the world is willing to add weight to the British side in the balance of Sino-British relations? The U.S. President wanted to meet the Chinese state president, and their bilateral relations have improved; the German Chancellor has visited China seeking cooperation in addition to many influential countries developing friendly relations of cooperation with China. Chris Patten had thought about making a trip to Europe to lobby and beg for support before delivering his second policy address. Then, he had to abandon the trip

when he saw that the situation was unfavorable to himself. His "international card" did not work either.

As for his "public opinion card," increasingly fewer people believe in it. Chris Patten wanted to dress himself up as the representative of "public opinion" and harped on about his "representing Hong Kong residents' interests," "acceptable to Hong Kong residents," and "safeguarding Hong Kong residents' lifestyle." All this was out of his need to confront China, peddle his trash, and resist criticism from all sides. We now have a very clear picture that the "Hong Kong residents" Chris Patten referred to are just another "card" in his hand, and a protective talisman at that. However, as soon as his trick were seen through, it became worthless.

Today, the "economic card" Chris Patten is playing will also be in vain.

Is he bluffing China with his "economic card"? But Britain is suffering such an economic recession, and the government's prestige is so low (the approval rate of the prime minister has dropped to 14 percent,) with one-third of its young people thinking of leaving their country. What other capital does Chris Patten have in bluffing and pressurizing others? Is it possible to make a large country that is becoming ever more prosperous and powerful surrender this way?

Today, it is not the case that China has a greater need for the British market, but otherwise; it is not the case that Britain is indispensable to Hong Kong's development, but Britain relies on Hong Kong's prosperity. An influential British statesman has said that British investment in Hong Kong had reached the tremendous sum of 50 billion pounds sterling and that "a successful Hong Kong signifies a more prosperous Britain." If Britain really wants to play tricks to injure China and Hong Kong economically, in the end it will be Britain itself that will be hurt more.

The British should think: What benefits have been promised them in their support for Chris Patten's confrontation with China by promoting a constitutional reform package that would jeopardize Hong Kong? Will they get the economic interests they want? Sir Frederick of the British Privy Council has a very clear picture on this point: Should Chris Patten's constitutional reform package be legalized and implemented, "it would be a disaster for Hong Kong residents as well as Hong Kong's prosperity and stability." A British newspaper has also made the true statement: The termination of the Sino-British talks "is bad news for British companies, which are trying to enter the vast Chinese market." British businessmen are more practical. They have simply refused to support Chris Patten's constitutional reform package because they will not think about their tremendous economic interests going down the drain.

In reviewing the course of Chris Patten "card" play, we find that it is very helpful in unveiling the various masks of Chris Patten and enhancing our vigilance.

MOFTEC's Wu Yi on Mainland-HK Economic Ties

HK2712120993 Beijing ZHONGGUO XINWEN SHE in Chinese 0552 GMT 27 Dec 93

[By reporter Xu Hong (1776 3126)]

[Text] Beijing, 27 Dec (ZHONGGUO XINWEN SHE)—Given the breakdown of Sino-British talks over the question of Hong Kong, Wu Yi, minister of Foreign Trade and Economic Cooperation [MOFTEC], the body in charge of foreign trade, said that MOFTEC will make the greatest effort to keep to a minimum the losses caused to Hong Kong as a result of British noncooperation.

In an exclusive interview with this reporter today, MOFTEC Minister Wu Yi said that MOFTEC will adopt positive measures to continue to enhance economic cooperation between the mainland and Hong Kong. She said: We are capable and confident of ensuring Hong Kong's smooth transition and economic prosperity.

Hong Kong and the mainland have been each other's largest trading partners for many years and throughout this period, Hong Kong's investment on the mainland has been China's largest source of foreign capital. Hong Kong capital accounts for over 65 percent of the mainland's total foreign capital. Mainland enterprises and Chinese-funded enterprises based in Hong Kong are becoming increasingly active in Hong Kong's capital market. Wu Yi compared this kind of economic cooperation to the "inseparable closeness between lips and teeth."

She admitted that, as a result of the manmade chaos caused by the British side over the past year, Hong Kong's economic development has been harmed, and so have economic exchanges and cooperation between the mainland and Hong Kong.

Wu Yi spoke highly of friends from Hong Kong industrial and commercial circles for the large amount of beneficial work they have done toward maintaining Hong Kong's prosperity and stability. She said: "We realize that most of the friends from Hong Kong's industrial and commercial circles, including most British businessmen in Hong Kong, cherish the economic ties between the mainland and Hong Kong and wish to further develop their economic cooperation and trade. They hope for a stable and cooperative political situation for Hong Kong. Therefore, the British policy which is playing havoc with Hong Kong is unwelcomed."

Mainland Migrant Quota To Increase by 10,000 Per Year

HK2612034193 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 26 Dec 93 pp 1, 4

[By political editor Danny Gittings and Quinton Chan]

[Text] Hong Kong and China have struck a deal to allow more than 10,000 extra mainlanders into the territory annually.

The agreement—to be announced next month—is designed to defuse a potential time bomb in 1997, when up

to 100,000 children of Hong Kong parents living in China acquire the right to enter the territory under the terms of the Basic Law.

It is also seen as an encouraging sign of continuing Sino-Hong Kong co-operation over cross-border matters, despite the virtual breakdown of relations on the political front.

The Legislative Council Security Panel is expected to be briefed on the details early in the New Year.

Officials admit the agreement, which allows for an extra 30 mainlanders to enter Hong Kong each day on one-way permits, will not be enough to solve the problem of a massive influx in 1997, and a further review of numbers may be necessary.

But the present increase is seen as the most local schools and social services can be expected to cope with at present.

Under the deal, struck between Director of Immigration Laurence Leung Ming-yin and his Chinese counterpart, 15 extra permits a day will be granted to children of Hong Kong parents, while a similar number will be made available to wives of Hong Kong men.

It is the first change to the quota since the original Sino-Hong Kong agreement on one-way permits—which allow mainlanders to settle in the territory—a decade ago, and increases the daily average from 75 to 105.

"These are children who are going to have the right to live in Hong Kong after 1997," said Deputy Secretary for Security Ken Woodhouse. "Rather than have them come across the border in one big swoop it's nothing but common sense to phase the influx."

Mr Woodhouse stressed the agreement, which is an operational understanding rather than a written accord, would not lead to any relaxation in Hong Kong's policy of deporting illegal immigrants.

It also reaffirms the need for close co-operation between Hong Kong and mainland officials over the operation of the permit system.

"We will have even more regular communication in future because of this deal with the children," Mr Woodhouse said.

The Chinese side has agreed to pass lists of child applicants to Hong Kong's Immigration Department, which will check their eligibility.

Under Article 24 of the Basic Law, Chinese children who have at least one parent who is a Hong Kong permanent resident are entitled to right of abode in the territory after 1997.

It is estimated there are 70,000-100,000 children living on the mainland in this category.

Mr Woodhouse said admission of the extra quota of wives had already begun and that the Immigration Department had received its first list of child applicants. He expected the first of them to be admitted next month.

Director of Education Dominic Wong Shing-wah said yesterday the influx of mainland children would not create

any unmanageable pressure on local school services: "If they come to Hong Kong gradually, it won't affect our existing education system."

He said the department had not yet received any official announcement of an increased quota and did not have any data on the number of places that would be necessary, but it already had plans to accommodate the extra children by using the existing 3,000 vacancies in local primary schools.

Mr Wong added: "If they continue to come to Hong Kong, I am sure the department will obtain some resources to build primary, or even secondary, schools."

Legislators and social activists welcomed the agreement but expressed concern about its possible side-effects.

United Democrat legislator and spokesman on security issues James To Kun-sun called on the Government to announce how it would cope with the additional demand for schooling and social services as soon as possible.

Democratic Alliance for the Betterment of Hong Kong spokesman Dr Lo Chi-keung also expressed his support, but voiced similar fears about the potential impact on welfare services.

"This is a good starting point ... the Government should review the programme after some years and see how to speed up its pace," he said.

But social activist Ho hei-wah said he feared the reunion of families could still be delayed by corruption on the mainland and many applicants might still have to wait up to 10 years for approval.

Although Hong Kong now has a role in vetting applications for some of the one-way permits, the decision on who to issue them to is still made by the mainland authorities.

Macao

Tian Jiyun Meets Group of Macao Donors

OW2712095893 Beijing Central Television Program One Network in Mandarin 1100 GMT 21 Dec 93

[By reporter Liu Jing (0491 7234) and correspondent Cao Jie (2580 2638); from the "National News Hookup" program]

[Text] [Video opens with a medium shot of Macao delegates standing in a line at a donation ceremony] The Macao Action Committee for Supporting the Hinterland To Reduce Disasters and To Help the Poor [MACSHR-DAHP] today donated 12 million Hong Kong dollars to support the hinterland's endeavor to reduce disasters and help the poor. The MACSHRDAHP was established in July 1993. [Video cuts to show some members of the delegation] It organized four big activities to raise money in six months.

Vice Chairman Tian Jiyun, of the National People's Congress, today met with all MACSHRDAHP delegation members who were visiting Beijing at the Great Hall of the People. [video shows a close-up of Tian Jiyun sitting in an armchair and chatting with MACSHRDAHP delegates; all of them are seated in armchairs in the hall]

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